

EUROPEAN NEWS

Italy's political ranks close in face of Senator's assassination

HE WAS by all accounts an extremely nice, gentle man: Roberto Ruffilli who was buried in his home town of Forlì yesterday with three bullet holes in his neck...

of the Red Brigades were deliberately seeking to undermine the political strategy of Mr Cirino De Mita, the Christian Democrat leader sworn in as Prime Minister last Wednesday.

statesman, is designed to frustrate Communist involvement in any such political design and to undermine moves to modernise the state. Those looking for parallels go further. Just as the Moro affair began with the politician's kidnapping at just the moment that a Christian Democrat Government was being launched with Communist support...

of the 1970s could and did conceive of assassination as a response to the prevailing social and political circumstances, many experts see their heirs of the late 1980s as more predominantly psychotic killers acting randomly and with far fewer resources.

of the Red Brigades, claimed in an article in yesterday's edition of the Rome newspaper Il Messaggero that the number of current Red Brigades activists and sympathisers was "around a hundred." Such a group was "not a handful, but not a lot and not too many," he added, indicating that the problem was containable.

social disease, deriving as it does from a very long tradition, but not a threat presently capable of besieging the state. Its exponents will continue to pick off individuals with symbolic political connections, but largely those which represent "soft" unguarded targets like Mr Ruffilli, or General Giorgieri, or Enzo Terrabelli, the economist, shot in 1986.

Mr Ruffilli's murder is likely to guarantee a greater measure of inter-party agreement on institutional reforms than would otherwise be the case.

Kremlin line eased on Armenian issue

By Catherine McEhinway in Moscow THE SOVIET Communist Party newspaper Pravda yesterday voiced the most conciliatory view since nationalist violence erupted in Azerbaijan two months ago, suggesting that boundaries between republics may be redrawn in the future.

EC MINISTERIAL MEETING EXPOSES STRONG NATIONAL DIFFERENCES

Tensions grow over VAT proposals

BY TIM DICKSON IN LUXEMBOURG

THE TENSIONS building up over the European Commission's controversial plans to harmonise rates of value added tax and excise duties broke out into the open at a meeting of EC economics and finance ministers here yesterday.

specific nature which need to be addressed." Lord Cockfield, the Commission's spokesman, considered the economic aspects of the Commission's plan to reduce to just two bands the present widespread of VAT rates in member states.

of harmonisation. Mr Nigel Lawson, the Chancellor of the Exchequer, repeated Britain's view that approximation is unnecessary for the completion of the wider internal market, and reaffirmed the Government's commitment to relating zero rates on food and other items. He emphasised instead what he called a "free market" approach whereby the removal of frontier controls would encourage more cross-border shopping and thus indirectly force member states to bring their rates more into line.

which demonstrated the firm commitment of Belgium and the Netherlands and highlighted strong reservations about imminent change from the newer Mediterranean states, as well as more specific political difficulties in Ireland, Denmark and Luxembourg - was essentially a gentle humbling up for the more serious negotiations expected at next month's informal meeting of economics and finance ministers at Leuven.

Firm line on Gulf expected at WEU

By Robert Mautner, Diplomatic Correspondent, in The Hague

THE FOREIGN and defence ministers of the seven-nation Western European Union were last night expected to renew their commitment to co-ordinated naval action in the Gulf, following the latest Iranian attack on Western shipping.

Another F16 crash prompts Wörner plea for US action

BY DAVID MARSH IN BONN

MR MANFRED WÖRNER, the Bonn Defence Minister, called on the US to consider suspending flights in Europe of the General Dynamics F16 fighter following another crash in a West German field yesterday.

Mr Wörner, who is leaving the West German Government next month to become Nato secretary general from July, called on the US to stop F16 manoeuvres temporarily if it appeared that the crash was caused by a technical defect. Preliminary examinations indicate engine failure.

EC steel output jumps 10.7%

BY WILLIAM DAWKINS

EUROPEAN COMMUNITY crude steel production jumped by 10.7 per cent to just over 11m tonnes in February, providing further ammunition for the Commission in its attempts to abolish the eight-year-old system of output quotas.

cent increase in sales to countries outside the Community. Exports stood at 2.5m tonnes in December, dwarfing the 826,000 tonnes of imports for that month. Judging by the strength of new orders, the surge is far from over. EC steelmakers received 7.7m tonnes worth of new orders in December, 12 per cent more than the same month of the previous year.

released yesterday. Their capital investment fell from Ecu4.1bn (E2.7bn) to Ecu3.5bn between 1985 and 1986, the year of the report, where it stood at 2.5-3.5 per cent of total industry investment. That compares poorly with Japanese steelmakers' 4.9 per cent of total industrial investment in the same year.

Les Echos sale likely to go ahead

By Ian Davidson in Paris

THE FRENCH Government is expected to give the green light to the bid by Pearson, the UK publishing, banking and industrial group, for the Les Echos newspaper, as a result of the recent revision of the agreement.

W German labour costs 'second only to Swiss'

BY DAVID GOODHART IN BONN

WEST GERMAN labour costs have leapt from fifth to second highest in the world since 1985, according to the Cologne-based Institut für Deutschen Wirtschaftswissenschaften, which has analysed data linked to the main employment organisation.

Frankfurt Jews target of bomb

THE HEAD of West Germany's Jewish community demanded that police give more protection to Jewish property after a bomb exploded outside the Frankfurt Jewish Centre early yesterday causing serious damage but no casualties.

Hopes fade as Greece and US resume talks on bases

BY ANDRIANA IERODIACOU IN ATHENS

GREEK AND US negotiators resumed talks yesterday on the future of the four American bases here, amidst diminishing hopes of an early agreement.

New proposal on Maxhütte

BY DAVID GOODHART IN BONN

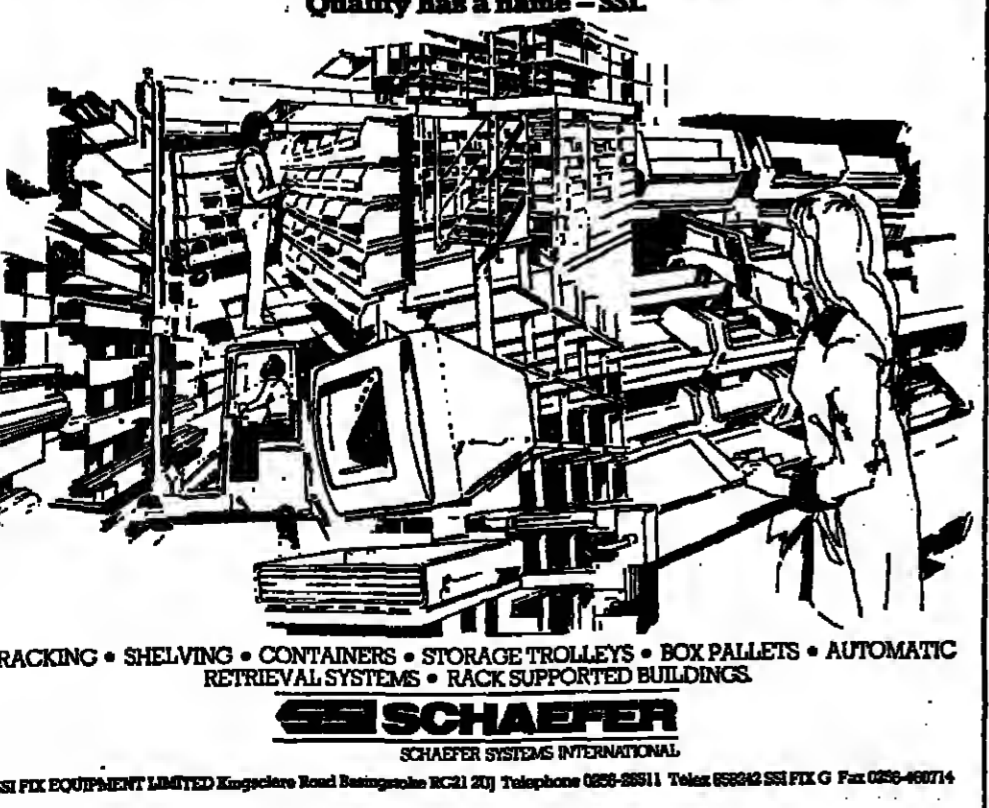
THE FUTURE of the Maxhütte steel works in southern Germany which was declared bankrupt a year ago, is still in the balance following the intervention of a local lawyer and company doctor, Mr Hans Ringwald.

would combine with the Bavarian government in a 60:40 joint venture. However, negotiations have been slow and difficult, and complicated by the consistent refusal of the state-owned Salzgitter to join the industry consortium.

plant. In combination with Badische Stahlwerke, Maxhütte might then be able to compete with the low-cost "Brazilian" producers of northern Italy. Although this plan would involve cutting the workforce to 1,000, the same applies to the steel consortium plan. However the steel union, I G Metall, may prefer Mr Ringwald's plan as the jobs could be more permanent. The union fears that, in the hands of the other steel producers, Maxhütte would gradually be closed down.

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Turkish public sector deficit forecast to fall

BY BRUCE CLARK

TURKEY'S public sector deficit, including the losses of state-owned industries, could fall to 5.3 per cent of gross national product this year, compared with 6.7 per cent in 1987, Mr Yusuf Ozal, Minister of State for Economic Affairs, said in London yesterday.

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Frankfurt Jews target of bomb

THE HEAD of West Germany's Jewish community demanded that police give more protection to Jewish property after a bomb exploded outside the Frankfurt Jewish Centre early yesterday causing serious damage but no casualties.

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Ian Davidson reports on the parties' ambitious plans to give priority to reform of the underfunded and overcrowded French schools

Failures of education system move candidates to deceptive consensus

THE overlap of the prospectives of the main candidates in the French presidential election on so many of their chief policy objectives suggests a remarkable degree of consensus. No objective commands a greater degree of unanimity than the claim by each and every one to give the highest possible priority to a far-reaching improvement of the educational system.

The implication of this priority is not merely that the educational system is already failing to meet the needs of French society, but that a radical improvement will be required to combat the scourge of unemployment, now standing at around 2.5m and in danger of rising higher.

Some of the candidates translate the education priority into expenditure terms. Mr Andre Lajoie of the Communist Party proposes spending an extra FF50bn (around \$bn) over the next five years. President Francois Mitterrand talks of spending an extra FF15bn between now

and 1992, the target date for completing the internal market of the European Community.

Mr Raymond Barre, one of the two main right-wing candidates, proposes spending just over FF30bn a year more. Prime Minister Jacques Chirac, the other right-wing candidate and Mr Mitterrand's chief challenger, demurely avoids any specific figures; last year his government quietly smothered the fight of fancy of Mr Rene Monory, its Education Minister, that the education budget should get an extra FF20bn over the next 57 years.

Where the campaign prospectives are less clear is in the precise prescriptions for reform. The Socialist Party endorses the objective that, by the end of the century, 80 per cent of the relevant age group should reach the class which sits the *baccalaureat*, the mainstream general education school-leaving examination. At present, only 43 per cent gets this far and only one third of the age group actually passes the

"bac".

More cautiously, Mr Chirac has adopted Mr Monory's target of 74 per cent reaching the *baccalaureat* class by the year 2000. Even then the failure rate would still be quite significant: Mr Monory's plan for the future of national education, which was published last year and put forward the 74 per cent target, conceded that only 60 per cent of the age group would pass the exam, which under existing conditions confers an automatic right to university entrance.

Looking further ahead, Mr Monory's plan aimed to get 45 per cent of the relevant age group to a higher level of qualification after the *baccalaureat*, such as a university degree or other diploma, compared with only 22 per cent now.

The automatic, non-selective entry to university for all those who pass the *"bac"* is also criticised, because too many fail to make the grade in faculties which are overcrowded and

underfunded, and as a result drop out after one year. The chief result of the system, say its critics, is that in practice it imposes a process of selection by rejection.

Though all candidates agree on the need to raise the pass level for the *baccalaureat*, they are less clear about how this is to be achieved. Like his rivals, Mr Barre endorses the need for great improvements in the education system, but he characteristically throws cold water on the Utopian promises of others.



FRENCH ELECTIONS

signed for the least gifted children who risk simply falling by the wayside.

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Soviet prime minister visits Hungary

BY JUDY DEMPSEY IN BUDAPEST

MR NIKOLAI RYZHKOV, the Soviet Prime Minister, arrived in Budapest yesterday on the start of a three-day official visit during which he is expected to hold talks with Mr Karoly Grosz, the Prime Minister, and Mr Janos Kadar, the party's first official visit to Hungary.

Although economic relations between both countries will figure high on the agenda, issues related to political reforms and the forthcoming national conferences of the Hungarian Communist Party are also likely to be discussed.

A draft conference programme published recently has been criticised by several party members

for its lack of direction, as well as for failing to respond to growing demands for genuine political reform.

These would include transforming the Parliament from a rubber-stamp institution to a forum for debate, and possibly allowing a platform for non-party political groupings.

Mr Gross, who met Mr Mikhail Gorbachev, the Soviet leader, and Mr Ryzhkov last year in Moscow is certain to raise some of these issues, particularly in the light of the recent expansion in the Hungarian Communist Party of four leading intellectuals.



Prime Minister Nikolai Ryzhkov: First official visit

Bonn 'refugee quota' sparks political row

BY DAVID MARSH IN BONN

A POLITICAL row has broken out in West Germany over allegations that Bonn has agreed a "quota system" with East Berlin covering the numbers of East Germans allowed to emigrate to the West.

The allegations, voiced by Bishop Gottfried Fock, a leading East German Protestant churchman, have touched a raw nerve in the Bonn Government. This reflects the Federal Republic's ambivalence about the clandestine deals with East Berlin under which it tries to find a way for some hard-pressed East German emigrants to find a way to the West.

Year	Authorised emigrants	Fugitives*	Others†	Total
1984	24,982	3,281	2,241	40,874
1985	18,782	3,484	2,578	24,844
1986	18,982	4,889	1,538	25,409
1987	11,459	6,282	1,247	18,988
1988 (Jan)	950	734	3	1,687
1988 (Feb)	1,164	615	0	1,779

* Includes visitors who remain in W. Germany as well as escapes.
† Mainly persons transferred to German prisoners.

per quarter. Mr Friedhelm Ost, the Bonn Government spokesman, was also forced to deny any agreement with East Berlin.

The official reaction from Bonn however has failed to mention that between 5,000 and 6,000 people were authorised to emigrate from East to West Germany last year as part of routine East-West German arrangements to reunite families split up by the cleavage of the nation.

Bonn pays East Berlin a credit believed to be slightly more than DM 3,000 (\$1,500) per person for each emigrant, used to buy goods from the West.

OECD says Finland's growth plans hinge on pay restraint

BY ROBERT TAYLOR, NORDIC CORRESPONDENT, IN STOCKHOLM

FINLAND MUST restrain wage expectations if it wants to maintain medium-term growth plans in the face of probably adverse international developments.

This is the main warning contained in this year's survey of the country by the Organisation for Economic Co-operation and Development, published today.

But the report admits that pay restraint will not be easy to achieve because of "weakened employers' resistance to wage demands" in the private sector due to "high productivity growth and buoyant demand" and "the existence of strong egalitarian attitudes among labour unions linked clauses," which have provoked leap-frogging wage rises, particularly in the public sector.

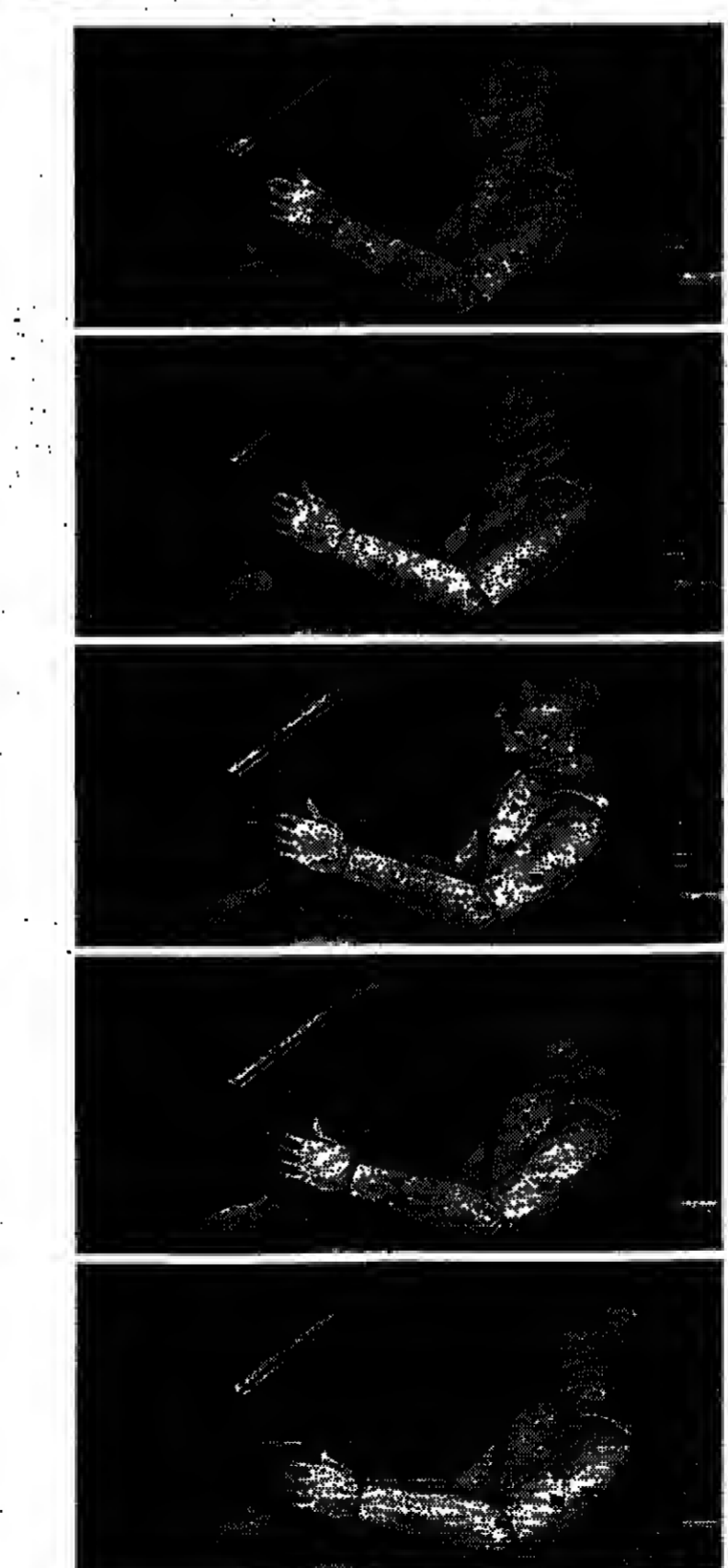
The OECD's warning about rising wage costs comes at a time when agreements have been reached in the public and private sectors averaging about 8.5 per cent, well above inflation.

However, it is reasonably optimistic, pointing out that "in the past decade, the Finnish authorities have been particularly successful in applying a mix of macro and microeconomic policies that have achieved the goal of adequate and balanced growth combined with relatively low unemployment."

The reports expects real growth in gross domestic product will slow to an annual rate of 2.75 per cent this year compared with 3.2 per cent in 1987, with a further fall to 1.75 per cent in 1989. Total domestic demand is also forecast to fall this year to 3.5 per cent (4.4 per cent in 1987) and to 2.25 per cent next year.

Finland's current account deficit is also expected to grow over the next two years from \$2.1bn in 1987 to \$2.6bn this year and \$3.8bn by the end of 1989. Industrial production should fall from 4 per cent annual growth last year to 2.25 per cent this year and 2 per cent in 1989.

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OVERSEAS NEWS

Burial of Abu Jihad may herald renewal of PLO-Syrian links

BY TONY WALKER IN TUNIS

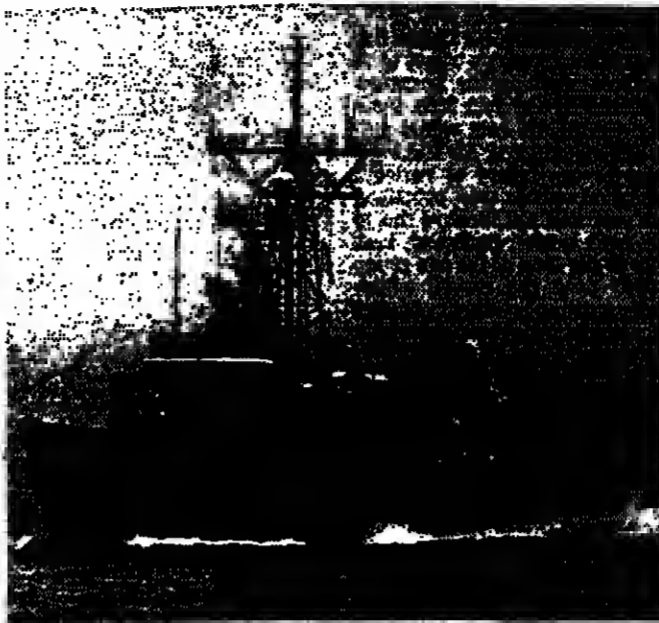
THE ANNOUNCEMENT by the Palestine Liberation Organisation in Tunis that its slain military commander Abu Jihad is to be buried tomorrow with full honours in Syria raises the possibility of a reconciliation between the PLO mainstream and Syrian leaders. Syria has agreed to a full scale funeral for Abu Jihad, who was murdered in Tunis on Saturday...

Airliner hostage in plea to Kuwait

ONLY last Friday, Mr Ali Akbar Hashemi Rafsanjani, the powerful speaker of the Iranian parliament, was glowing in his usual style about Iran's imminent victory over Iraq and about the latest humiliation which had been dished out to the US in the form of the mine which severely damaged the US frigate Samuel B. Roberts in the Gulf.

He told worshippers at Friday prayers in Tehran that Iraqi President Saddam Hussein had "no choice but to commit suicide," and that the US Navy was "defeated and disgraced" less than a year after it began its massive build-up in the Gulf region. Events since Sunday will have stopped Mr Rafsanjani and the rest of the Iranian leadership in their tracks...

Andrew Gowers reports on a sea and land setback for Tehran Change of fortunes for Iran



US frigate Samuel B. Roberts after taking part in Strait oil platform attack

with its vigorous response to the discovery of an Iranian ship, the Iran Ajr, in the act of laying mines in the Gulf last September, and with its bombardment of the Rostam oil platform in October after Iran attacked a Kuwaiti tanker flying the US flag in Kuwaiti territorial waters. But it also served the purpose of reminding Iran of Washington's determination to maintain its enhanced Gulf presence at a time when the Tehran leadership had begun to hope that the US and other Western nations were losing interest...

matches of southern Iraq is fast becoming unattractive for a big Iranian push. The Pentagon believes that Iran has actually lost the ability to mount a major offensive in the foreseeable future. According to recent Congressional testimony by Gen George Crist, the US military commander for the Gulf, Iran has been significantly weakened by Iraqi air attacks and its economic infrastructure and its having serious problems recruiting sufficient young men to serve in its armed forces. Against this background, the significance of Iraq's drive to recapture the Fao peninsula, which it lost to Iran two years ago, can scarcely be overstated. Tehran, which has used the tens of thousands of its troops dug in on the strategic peninsula to block Iraq's entire access to the Gulf and incidentally to threaten Kuwait with Chinese-made SIK-7000 missiles, will almost certainly have been taken by surprise by Iraq's move. As Mr Shahrhan Chahin, a Geneva-based analyst of the Gulf war points out, Iran is not, after all, used to Iraqi offensives. Baghdad has manifested failed to recapture any significant swathe of territory from Iran since the latter mounted its counter-invasion of Iraq in 1982. It now seems as if Iraqi superiority in armour and air-power - perhaps combined with the palpable economic chaos in Iran - is beginning to take a serious toll. This is not, however, to say that things are all running one way in the Gulf war. Iran, together with the Kurdish guerrilla groups it supports, continues to make big inroads into mountainous northern Iraq and claims to have come close to capturing the strategically important Darbandikhah dam. Tena, and possibly hundreds of thousands of Iraqi troops are tied down in Kurdistan and have responded by shoving its rebellious population to make big inroads into mountainous northern Iraq and claims to have come close to capturing the strategically important Darbandikhah dam. Tena, and possibly hundreds of thousands of Iraqi troops are tied down in Kurdistan and have responded by shoving its rebellious population to make big inroads into mountainous northern Iraq and claims to have come close to capturing the strategically important Darbandikhah dam. Tena, and possibly hundreds of thousands of Iraqi troops are tied down in Kurdistan and have responded by shoving its rebellious population to make big inroads into mountainous northern Iraq and claims to have come close to capturing the strategically important Darbandikhah dam.

Singapore detainees 'ill-treated in prison'

Roger Matthews in Singapore

NINE PEOPLE detained without trial last year for alleged participation in a Marxist plot to overthrow the Singapore Government issued a statement yesterday protesting their innocence and accusing the authorities of using physical force and threats to extract statements from them. They said they had been hit hard in the face up to 50 times during the first three days of interrogation, forced to stand for long periods in freezing cold rooms, and threatened with violence to their family and friends and with indefinite detention if they did not co-operate. The Government has denied using violence against the detainees. It arrested 22 people in May and June last year, many of them young Western-educated graduates, under the terms of the Internal Security Act, which provides for indefinite imprisonment without trial. All but one of them was released by the end of the year. The nine said they would have been prepared to maintain their "fearful silence" about the events had not the Government since "repeatedly raised the issue and made false and damaging statements about us" while denying that the detainees had been subjected to ill-treatment or torture. The statement said some of the six women and three men had been deprived of sleep or rest for as long as 70 hours. They had been actively discouraged from engaging legal counsel and told to discharge their lawyers "so as not to jeopardise our chances of release". The nine said they had been compelled to appear on television and warned that possible release would depend on their performances. What appeared on television was said to be grossly distorted and misrepresented. The Government expended considerable efforts to persuade the public of the correctness of its action and the potential seriousness of the Marxist threat to the stability of Singapore. Mr Chok Tong, the First Deputy Prime Minister, said in a statement that the issue was a test of the credibility of the younger generation political leadership.



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Mozambique rebels delay railway improvements. Money for the rehabilitation, backed with a \$10m grant from Britain, became available at the end of 1985. Extensive trackage on the worst section of the line, near the border, has been contracted out to the National Railways of Zimbabwe, but the Mozambicans themselves have been unable to develop their own upgrading programme. During the last 15 months operations by the Mozambique National Resistance, the anti-government guerrilla force, have shifted from northern Mozambique to the southern provinces. ANTI-GOVERNMENT rebels in Mozambique are holding up a railway rehabilitation project designed to reduce black southern African states' dependence on South African routes. The railway runs 540 kilometres north from the capital, Maputo, to the Zimbabwean frontier, and is regarded by member states of the Southern African Development Co-ordination Conference (SADC) as vital to regional trade from South African ports. The line has double the capacity of the other important eastern seaboard route through Beira, further north.

Nkomo gains post in Zanu. PRESIDENT Robert Mugabe of Zimbabwe, celebrating his country's eighth anniversary of independence in a confident and conciliatory mood, has appointed his old rival Mr Joshua Nkomo as one of two vice-presidents of the ruling Zanu party. Zanu, dominated by a Shona-speaking majority, and Mr Nkomo's Ndebele-led Zapu party are merging to make Zimbabwe a one-party state. The recent decline of dissident activity in the western Zapu stronghold of Matabeleland has been attributed by the government to the success of the merger talks.

Growth in African external debt is 'cancerous,' warns Chidzero. UNLESS Africa receives long-term external debt relief and a substantial increase in concessional and grant aid, most indebted countries on the continent may be forced to choose between cutting services and essential imports, Dr Bernard Chidzero, Zimbabwe's Minister of Finance, warned yesterday. Speaking in London at a two-day conference on Africa's external debt co-sponsored by the Financial Times and the African Development Bank, and chaired by Mr David Steel, joint leader of Britain's Social and Liberal Democratic Party, Dr Chidzero described the growth in Africa's external debt as "cancerous". It had risen from \$34.6bn in 1983 to some \$200bn by the end of 1985, and is likely to reach \$500bn by the year 2000, he said. "If current trends continue unabated it is clearly cancerous and unbearable." The situation of low income countries had been worsened by the "substantial burden" of net payments to financial markets, including commercial banks. While the region received net transfers of \$2.5bn in 1983 from the financial markets, by 1985 it was making net repayments of \$2.9bn. Aggregate net flow to the region, excluding Nigeria and the Ivory Coast (classified as middle income states) had declined from \$3.2bn in 1983 to \$0.5bn in 1985, creating a resource gap put at between \$3.5bn and \$5bn a year. The need to bridge this gap "calls for imaginative initiatives," Dr Chidzero continued, including conversion of low-income Africa debt into low interest bonds, discounted loan purchases, or linking debt service obligations to the secondary market value of the debt rather than its face value. Mr Christopher Patten, Britain's Minister for Overseas Development, told the conference's 300-plus delegates that the Africa debt problem "requires radical internal reforms and external support on a very substantial scale." Mr Patten welcomed the fact that over 20 African states now have reform programmes endorsed by international financial institutions, and noted that in response donors had been urged to assist Africa. But he went on to express "disappointment" at the rate of progress on debt relief. "I realise that accepting that official debt on commercial terms will not be repaid in full represents a major adjustment in attitude - but it is an adjustment to reality," said Mr Patten. "There is little to be said for shutting one's eyes to the inevitable - it makes rather more sense to face up to it." Frequent rescheduling over the years at commercial interest rates has led to a rapid and insupportable growth in some countries' debt problems, the minister continued. The conference's keynote address was made by Mr Babacar N'Diaye, president of the African Development Bank, who stressed the inhibiting effect of debt servicing costs on Africa's investment and growth potential. While the rescheduling of debt through the Paris and London Clubs has in some cases brought temporary alleviation, Mr N'Diaye noted that in many cases it had led to increased outstanding debt and deteriorating creditworthiness. Mr N'Diaye's debt relief proposals, first published last November, centred on "securitisation" - a system whereby short and long term debt would be exchanged for long term bonds of the same face value but carrying a lower interest rate. A debtor country would make annual payments to a redemption fund which would guarantee the full redemption of the securities at maturity. Mr Alassane Ouattara, director of the Africa Department at the International Monetary Fund told delegates that the combination of domestic reforms carried out by African governments and increasing recognition by the international community that African countries cannot turn the corner on their own gave "cause for optimism" that a solution to the continent's external debt problem could be found. He stressed that the IMF could not relax the conditions it attaches to the use of its resources, "for this would not serve its borrowing members." But this did not mean that the IMF was "inflexible in the face of new challenges." The recently established Enhanced Structural Adjustment Facility would allow IMF to lend an additional \$5bn to low income countries. The IMF had also modified the terms of the Extended Fund Facility (EFF) which would make it easier for countries to win support from this source. But Mr Ouattara made it clear that the IMF's resources remained limited. "The Fund together with the World Bank cannot take on the financing role that should fall to private and other official creditors," he said.

Dear Mr. President, Thank you!

PAN AMERICAN SATELLITE

April 14, 1988
President Ronald Reagan
The White House
Washington, DC 20503

Dear Mr. President:
Thank you!

Thank you for your continuing support for help. Three months ago I wrote you to explain that while British telecommunications companies were allowed to do business in the United States, our company, Pan American Satellite, was locked out of Great Britain because of a boycott by Intelsat signatories.

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William Verity, Assistant Secretary
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Singapore detainees 'ill-treated in prison'

Nairobi gun post in Zanzibar

Internal de Chidzer

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But what good is air-conditioned luxury without power? The Sterling comes with an all-new 2.7 litre, 24 valve V6 engine. Excite you it will. Not only with some rather un-sedate acceleration from standstill. But some exhilarating performance in the all-important mid-range.

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work in 50 countries, turning over eight billion US dollars a year, you are unlikely to have heard of us.

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success on this scale is not just unusual. It's unheard of.



WORLD TRADE NEWS

White House, Congress in trade bill war of nerves

BY NANCY DUNNE IN WASHINGTON

WITH the final report on the 1988 Trade Bill due out yesterday, the Reagan Administration and Congress were engaged in a war of nerves as both sides portrayed themselves as unwilling to compromise on contentious provisions.

and the sanctions against Toshiba still in the bill, they will work for its defeat. Although both sides have moved to the brink of conflict, the Administration's entire trade policy could be at risk if the Trade Bill is defeated.

Congressional committees have already begun hearings on the US-Canadian Free Trade Agreement, but enthusiasm for the pact is not high. It is bound to be lower still if Congress' three-year effort to produce a Trade Bill dies.

Joseph Mann reports on a far-reaching development plan for natural oil and gas reserves

Venezuelan oil industry spreads its wings

THE VENEZUELAN Government, eager to make the most of the country's large reserves of natural gas, reduce imports of petrochemical products and earn new foreign exchange income, has drawn up an ambitious expansion programme for the petrochemical industry requiring investments of \$2.2bn between now and 1992.

Venezuela has 2.8 trillion cubic feet in proven natural gas reserves. In addition, other large gas deposits have been identified offshore. Aside from using natural gas as a fuel at home, the Government of President Jaime Lusinchi is interested in converting gas into higher-value petrochemical products.

The programme is being carried out by Pequiven, the state-owned petrochemical company, in conjunction with private investors. Pequiven - full name Petroquímica de Venezuela - is developing a new petrochemical complex in eastern Venezuela, expanding existing facilities and building new plants.

Pequiven will have 49 per cent of the ammonia company's shares, while Norsk Hydro will hold 30 per cent and a group of Venezuelan private investors 15 per cent. The remaining 6 per cent will be sold on the Venezuelan stock exchange.

Venezuela's petrochemical sector is dominated by Pequiven, the largest producer by far, but also includes a group of joint venture companies where the Venezuelan government, foreign and domestic concerns are investors. Foreign companies with investments in the petrochemical sector include Shell, Phillips, Fechtelny Umana Kuhlmann, CDF Chemie, Dow Chemical, Mitsui, DSM (Holland) and two Colombian firms, Ecopetrol and IFL.

As well as using natural gas as a fuel, the Government is interested in converting gas into higher value petrochemical products

Pequiven, a subsidiary of Venezuela's national oil company, will finance some of these projects by itself and will develop others in partnership with private investors.

Pequiven and foreign partners recently signed agreements on two major petrochemical projects worth over \$450m. The Venezuelan petrochemical concern and Ecovital, a subsidiary of ENI, the Italian energy group, finalised an agreement to invest \$270m for the construction of a 500,000 mtpy plant to be located near a new petrochemical com-

plex in the east. The plant will produce methyl tertiary butyl ether - an additive used to raise octane in petrol. The MTBE facility will be one of the world's largest and production will be exported. The market for MTBE is expanding to the US as government environmental regulations phase out the use of lead as an octane booster in gasoline.

Pequiven will hold 49 per cent of shares in the new company, to be called Superoctano, while Ecovital will hold 49 per cent and the remainder will be sold on the Venezuelan stock market. The two partners will supply 40 per cent of funding for the project and 60 per cent will come from export credits and commercial bank loans.

US and EC 'still apart on farm subsidies'

WIDE GAPS remain in the US and European Community effort to end farm subsidies, Mr Clayton Yeutter, US Trade Representative, said, Reuters reports from Vancouver.

Pressure on UK industry to drop export curb pacts

BRITISH industry has come under discreet government pressure to drop a number of voluntary export restraint agreements with Japan and other Asian countries as part of what some trade experts see as a rethink of the value of such accords.

But in a parliamentary debate on competition policy last month, Mr Francis Maude, Corporate Affairs Minister, acknowledged that some agreements had been terminated as a result of government pressure. "We keep an eye on what is going on," he said.

Japan's officials noted that the agreements which have been dismantled covered products that had become progressively less sensitive, but they were nonetheless surprised by the apparent change of policy.

Chevron, Texaco in India oil pact

A CONSORTIUM of Chevron and Texaco of the US yesterday signed its second agreement in four months with the Indian government for long term offshore oil exploration contracts.

Greece, Albania in trade deal

GRECE AND Albania, whose relations have improved significantly since the lifting by Athens last August of a technical state of war between the two countries dating back to World War II, have signed an agreement to promote trade.

Britain's decision to press for some arrangements to be unwound reflects government policy of stimulating competition in industry, but voluntary restraint arrangements are also highly controversial in international trade politics.

As a practical matter, it will become harder for EC countries like Britain to maintain them in place at a national level in the run-up to completion of the single European market in 1992.

Iran-Bulgaria accord

Iran and Bulgaria have signed an agreement for mutual trade exchanges of \$60m (£35m) this year, agencies report from Tehran.

Greek-Turkish bid to boost ties

A COUNCIL of leading businessmen from Greece and Turkey launched a two-day forum in Athens yesterday devoted to capitalising on the recent improvement in the political climate between the two countries.

So far, the so-called "spirit of Davos", named after the Swiss town in which the summit took place, has held up, with Greek-Turkish relations going through their most relaxed phase in years. This improvement, however, still appears fragile.

According to Greek data, the trade balance with Turkey has registered a surplus in Greece's favour since 1983. Turkish data show a surplus for Turkey. Greek exports to Turkey include iron and steel products, while imports from Turkey include plastics and textiles.

Advertisement for Telematics featuring a silhouette of a person's head and the text: "Response is my business. My network is my business strategy."

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UK NEWS

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Retail sales dip adds to evidence of slowdown

BY RALPH ATKINS

BUOYANT GROWTH in retail sales showed signs of faltering last month, according to official figures published yesterday, which added to evidence suggesting a possible slowdown in the UK economy.

Provisional figures from the Department of Trade and Industry show retail sales volume fell a seasonally adjusted 0.3 per cent in March. This cancelled out a similar sized rise in February.

The drop took many City of London economists by surprise as other indicators pointed to a further rise. The DTI said it was wrong to read too much into one month's figures and there are no clear signs of a slowdown from a strong underlying growth rate. In the three months to March, the level of sales was more than 1 per cent higher than the previous three months. It was 7 1/2 per cent higher than the first quarter of 1987.

In March the seasonally-adjusted index of retail sales volume stood at a provisional 134.9 (1980=100) compared with 135.3 in February. The value of sales was £9.8bn, which was 11 per cent higher than March last year.

The figures tally with the results of the Confederation of British Industry's Financial Times distributive trades survey published yesterday which pointed to a slowdown in retail sales growth after a buoyant winter season.

Statistics released on Friday showed industrial output appeared to have fallen sharply in February, while unemployment in March was falling at a declining rate. Together with the retail sales figures, this implies economic growth may be slowing.

This would ease the worries of some economists that recent interest rate cuts in response to a strong pound may be causing undesirable side effects in a domestic economy which, they say, is growing too fast.

However, many believe there retail sales in coming months will grow rapidly.

Life premiums soar on AIDS risk

BY ERIC SHORT

BRITAIN is starting to witness an explosion in the cost of insuring a person's life as the life insurance industry adjusts its premiums to the anticipated impact of AIDS on mortality rates.

Over the weekend, the Sun Alliance Group informed its intermediaries that premiums for term assurance rates for men would in some cases rise by more than 150 per cent from next Monday.

Two other big composite groups also announced yesterday that they would be taking similar action. Commercial Union Assurance said that they would issue a statement within a few days announcing rises in premiums. General

Accident Life indicated it would be taking action early next month.

For several months actuaries have been stressing that imposing more stringent underwriting methods would, in themselves, be insufficient to cover the extra risk from AIDS. Premiums rates, they warned, would have to increase.

Zurich Life last week became the first life company to take action. It is now being followed by the largest providers of term assurance contracts — policies which pay out on the death of the person within a specific period. Sun Alliance last year had around 10 per cent of this market. The premium increases

being made by Sun Alliance highlight the effect of AIDS. For men aged 25, with cover of \$55,000 — which is the average for the company — the monthly premium for a non-smoker is lifted by 57 per cent to £8.41 on a five year term, by 142 per cent to £13.09 on a 10 year term and by 156 per cent to £15.04 on a 15 year term.

The impact of AIDS on life premiums is not solely confined to the mortality element. The underwriting procedures, which include an extra questionnaire and automatic blood testing for the HIV virus (which indicates presence of AIDS-related antibodies) for large levels of cover have led to higher administration costs. Sun Alliance has taken the

opportunity to reassess completely its rates to allow for current conditions which include the new commission rates applicable from July 1.

Above all, Sun Alliance has for the first time produced a separate term assurance premium table for women, instead of making an age adjustment to the rates for men.

The company's actuary has also increased rates for women to allow for a possible rise in mortality rates in the longer term because of AIDS. The rates are, however, lower at around 25 per cent. Term assurance under the new rates will be more than twice as expensive for men as for women.

Consultants criticise high price of British television advertising

BY RAYMOND SNODDY

BRITAIN'S beleaguered commercial television companies yesterday received another blow with the publication of a report claiming that advertisers face an annual bill of £700m a year because of the high cost of television advertising.

The report by international consultants Booz Allen & Hamilton says that the UK airtime is exceptionally expensive by international standards.

Small companies could therefore afford only limited regional television campaigns and larger companies had to concentrate on backing more important brands.

Mr Charles Jonscher, a Booz Allen vice president and author of the report said yesterday: "The

commercial television industry has become extraordinarily inefficient. There is no doubt whatsoever it constitutes an unsatisfactory use of the monopoly resources granted to it."

There was now no argument, Mr Jonscher said, against the introduction of a fifth television channel in the UK financed by advertising and the competitive selling of Channel 4's airtime. The ITV companies at present sell Channel 4's airtime and pay for the channel with an annual subscription.

A fifth channel based on advertising would cut the average cost of airtime by a third.

Mr Dick Johnson, marketing services director of Procter and

Gamble, one of the group of advertisers which sponsored the study said it was the first time that all the information on the television advertising market combined in one document.

The Independent Television Association, the body representing all the ITV companies said it wanted to study the report before commenting. However, the ITA Association has commissioned its own study of the television advertising market from National Economic Research Associates, the consultants. Preliminary findings suggest that a fifth channel would have a limited effect on airtime inflation because advertisers would still want to reach the largest mass markets.

Airtime prices 'causing direct economic losses'

BY RAYMOND SNODDY

THE LONG BATTLE by British advertisers to convince the Government that inflation in television airtime is a problem worthy of attention received a strong boost yesterday.

A report on the Economics of Television Advertising in the UK by international consultants Booz Allen & Hamilton argues that the direct economic losses attributable to the high cost of television advertising in the UK amounts to £700m a year. The report claims that UK advertisers have to pay 64 per cent more for television airtime than important international competitors.

The report was compiled with the backing of 22 of Britain's largest advertisers, together accounting for a quarter of all television advertising expenditure. Mr Charles Jonscher, the Booz Allen vice president who produced the study, points out that in 1986 it cost £4.19 to reach 1,000 viewers with a 30 second advertisement in peak time. This compared with an average of £2.55 in the other leading nations of the Organisation of Economic Co-operation and Development.

The report also argues that the inflation of UK television airtime has been so serious that the cost of ITV advertising rose by 57 per cent between 1980 and 1988. Mr Jonscher goes on to argue that there are also estimated economic losses to the viewer of

An earlier study for the Department of Trade and Industry suggested that freeing enough frequencies for new channels of television was a political rather than a technological problem. This has been backed up by engineering studies which accept that two more channels are possible.

The present report comes as the Government is moving towards taking formal decisions on whether or not to go ahead with fifth and sixth channels.

The Booz Allen report looks at five options to alleviate the problem of rising costs in commercial television — price regulation, extra minutes of advertising, auctioning franchises, competitive selling of Channel 4 airtime and an advertising funded fifth channel — and concludes that only one would make a decisive difference.

An advertising supported fifth channel, the report argues "would help very substantially to close the gap between supply and demand in the TV advertising market by increasing supply considerably during the early 1990s."

By 1986 a fifth channel, either popular or more narrowly targeted, could earn more than £300m a year and although ITV would suffer some revenue loss, it would still have net revenues of more than £90m.

The Economics of Television Advertising in the UK. Booz Allen & Hamilton, 100 Floodgate, London W1V 3SA. Price £45.

The BMA examined many ways of funding the NHS which have been suggested in recent weeks. The association concluded that "in the short term there is no substitute for increased resources from taxation, earmarked or otherwise, particularly in the acute hospital sector."

The association said that NHS funding should be linked to the nation's wealth as a factor of gross domestic product.

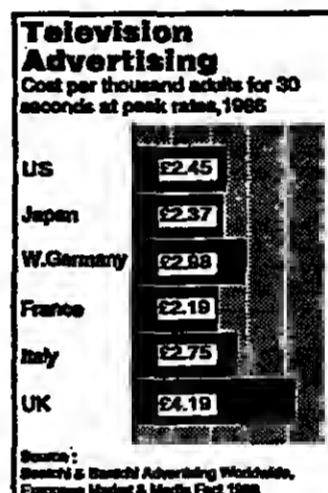
Mr Jon Ford, BMA head of economic research, said yesterday that although no one knew how much it cost to run the health service, "we believe the country can afford more than the Government thinks it can."

The BMA memorandum found that charges for visits to general practitioners and hospital stays were a "non-starter" given the current emphasis on preventative medicine. Such charges, the association said, would deter people from seeking treatment.

Earmarking of taxes, possibly in the form of a health tax similar to a road tax that used to help pay for roads, was an "attractive proposition."

However, the BMA said the tax should not be directly related to demand for the NHS and that there would be problems defining the appropriate system. An alternative might be to tax hazardous products such as alcohol.

Cost improvement programmes in district health authorities, which have been running since 1984, have exhausted their potential. Internal markets — moving patients around for treatment wherever there is spare NHS capacity — would be resisted by patients who disliked travelling far for treatment.



Property prices continue to rise

By Andrew Taylor

HOUSE prices are continuing to race ahead throughout Britain but rises in London have slowed according to the latest house price survey conducted by the Royal Institution of Chartered Surveyors.

The survey of 122 estate agents conducted last month in England and Wales showed that almost 30 per cent of agents reported that prices had risen by more than 8 per cent during the first three months this year.

A special survey of the West Midlands showed that region may be developing into one of the new pace setters.

Prices in London, after a sluggish start to the year, had picked up with the spring buying season but rises remain well below the levels being achieved just a few months ago.

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UK NEWS

Thatcher urges industry to face EC challenge

BY GUY DE JONGHERES, INTERNATIONAL BUSINESS EDITOR

BRITAIN must make a sustained national effort to ensure business and industry were aware of the challenge of the single market planned by the European Community for 1992, Mrs Margaret Thatcher, Prime Minister, said yesterday.

She told a conference of more than 140 business leaders in London that Britain had not done well enough in trade with the rest of Europe and that it had failed to make the most of opportunities when it joined the Community in 1973.

However, Britain's recent economic recovery meant it was as ready as, or more ready than, most other European countries for the 1992 initiative.

"The task now is to harness that spirit of enterprise to tackling the challenge of the single market," said the Prime Minister. "Businesses must start preparing now. Competition will be stiff. We have got to be good. It will be like running a marathon every day and we want the gold medals," she said.

Lord Young, Trade and Industry Secretary, who organised the conference, said that although the Community plan envisaged the complete abolition of internal

frontier controls after 1992, the UK planned to keep some border posts to enforce measures such as anti-rabies checks.

The minister would not say when the UK expected to become a full member of the European Monetary System.

Debate on this issue could be a thing of the past once the Community had created a full single market with complete freedom of movement for capital.

However, he doubted whether some important elements of the single market plan, such as opening up public procurement to Community-wide competition, would be in place by the end of 1992.

Lord Young said that he aimed to make 90 per cent of companies in the UK aware of the 1992 internal market plan by the end of this year.

Yesterday's meeting, which is to be followed by 20 regional conferences, is part of a publicity campaign on which he plans to spend £18m in four years. The minister has recently raised some criticism from the opposition and within Whitehall over the sums spent by his department on advertising.

Kevin Brown looks at the end of the slipway after a decline of fortunes in UK shipyards

British Shipbuilders thrown overboard

LABOUR BENCHES sang 'The Red Flag' when the House of Commons nationalised UK shipbuilding in 1977, entrusting Conservative Members of Parliament who had fought to keep the industry in the private sector.

But it now looks as if Tory MPs who forecast that nationalisation would lead to disaster will have the last laugh.

British Shipbuilders has looked in poor health throughout most of its 11-year life, and the proposed sale of its Govan yard to Kvaerner Industries of Norway seems almost certain to be its death warrant.

Sentence was formally delivered in the Commons yesterday by Mr Kenneth Clarke, the Industry Minister, who has made little secret of his wish to rid the public sector of one of its most expensive liabilities.

The corporation has run up debts of £1.3bn since 1977 - all in accumulated losses covered by the Government - and is believed to have lost a further £100m in the financial year just ended. The prospect of continued losses has made the Government lose patience with British Shipbuilders, despite the employment implications of breaking it up.

Yet the decline of British shipbuilding really began after World War Two, long before nationalisation. Immediately after the war, the industry employed more than 100,000 people, and provided work for thousands of others in ancillary industries.

Fears were growing for the future of British Shipbuilders' Sunderland subsidiary last night after the Government revealed there were "contractual difficulties" with its only order, writes Kevin Brown.

It also emerged that private sector companies have shown interest in purchasing all of British Shipbuilders' major subsidiaries except the Sunderland yards, known as North-East Shipbuilders Ltd.

Mr Kenneth Clarke, the Industry Minister, said no Government decision to close NESL had been taken. But

The late 1940s and 1950s brought a boom in orders as shipowners turned to the world's biggest shipbuilding nation for replacements for tonnage lost during the war. But the glut of orders led to an increasingly rigid labour market, and a lack of investment by many shipyards.

Meanwhile, West Germany was rebuilding its industry, and Japan was building on a strong pre-war naval building tradition to create the world's biggest merchant shipbuilding capacity. Later, South Korea appeared at the head of a clutch of newly industrialised countries able to build ships even more cheaply than Japan.

British Shipbuilders' managers have previously indicated that NESL would not be viable without the support of the rest of the corporation.

NESL employs some 3,000. Its only contract is a £90m order for a series of 26 small ferries for VE Shipping and PZ Trading of Denmark, which was expected to provide work until the end of next year.

Two ships have been delivered, and four more are thought to have been launched, but it was not clear whether construction work could continue in the face of

the contractual difficulties revealed by Mr Clarke.

Meanwhile, British Shipbuilders received a letter of intent yesterday from Kvaerner Industries, the Norwegian operator of gas-carrying ships, indicating that a bid would be made for the Govan yard, in Glasgow.

Kvaerner said its bid would include an undertaking to order two medium sized gas ships from Govan for delivery in 1990 and 1991, and that it would transfer its advanced technology to the yard.

largely because only around a third of the cost of building a ship is controllable within the yard. The rest is material and equipment costs, particularly steel.

Also, world shipbuilding prices have been depressed for more than a decade by an overcapacity in shipping, caused partly by speculative ordering and partly by lack of growth in world trade.

As a result, all the world's shipbuilders have been forced to build at a loss, and in these circumstances British Shipbuilders cannot hope to compete with South Korea, where wages and steel costs are low, or with Japan, where yards benefit from huge economies of scale.

The great hope for British Shipbuilders' management has been a forecast boom in ship orders in the early 1990s, as the existing world fleet begins to age beyond repair.

Ironically, prices for some classes of ships have begun to rise in the last six months in what is seen in some quarters as the beginning of better times for shipbuilding. The European Community has also signed a limited deal with Japan to help push prices up.

Whether the improvement can be maintained in the long term remains uncertain. But for British Shipbuilders it seems unlikely to matter. The corporation was born in a storm of controversy, and it looks likely to go out on another.

Jaguar staff lift strike threat with 2-1 vote

By Richard Tomkins

PRODUCTION workers at Jaguar, the luxury carmaker, yesterday voted by two to one to accept revised terms for a productivity increase at the group's Brown's Lanes plant in Coventry, East Midlands.

The vote lifted the threat of a strike which has loomed over the company for more than a month.

Jaguar will proceed with plans to lift weekly output at the assembly plant by 92 cars to 1,300 with no corresponding rise in pay or the number workers.

The vote is likely to be seen as a victory for the management since it has secured the introduction of higher productivity at no extra cost and with only marginal amendments to the terms originally offered.

The company's shares rose 7p to 355p in London yesterday.

Under the revised deal a joint management and shop steward committee will smooth obstacles to higher productivity and so help workers move bonus payments.

Navy offers help on ship sale to Saudis

BY LYNTON MCCLAIN

THE ROYAL NAVY is prepared to offer to lease two of its mine countermeasures vessels to Saudi Arabia in an attempt to help Vosper Thornycroft win a £240m order for eight minehunters.

Mr Peter Usher, the managing director of Vosper Thornycroft, the south coast warship builder, flew to Saudi Arabia last week at short notice for further meetings on his company's proposed sale of the Sandown class single role minehunter vessels.

He said yesterday after the launch by the Duchess of Gloucester of the first Sandown class vessel for the Royal Navy, HMS Sandown, that he was very hopeful of winning the Saudi order.

He expected further meetings with the Saudi authorities at the end of Ramadan, but said it was significant that the head of operations for the Saudi navy was a guest at yesterday's launch, despite Ramadan.

Mr Usher said, without specific reference to Saudi Arabia, that Middle East countries had tight budgets due to the relatively low oil price.

"I would like to think that before the end of the year we would have signed a contract with Saudi Arabia," he said. Vosper Thornycroft is in competition with French shipbuilders, who are members of the Tripartite Consortium which also includes shipyards in Italy and Belgium.

Vosper Thornycroft is also in talks with the Spanish navy, whose officials were also at the launch. Vosper Thornycroft is trying to sell Spain the Vosper technology for building glass reinforced plastic minehunters, and the company expects a decision by Spain on the transfer of this UK technology for Spain to build up to 10 Sandown class minehunters, within the next three months.

HMS Sandown is the first warship to be designed for the Royal Navy entirely by computer and its plastic hull was built using new semi-automatic machinery at Vosper Thornycroft. The yard has another four Sandown class vessels to build for the Royal Navy but Vosper Thornycroft will be building these at its own cost as the navy does not formally require all these vessels.

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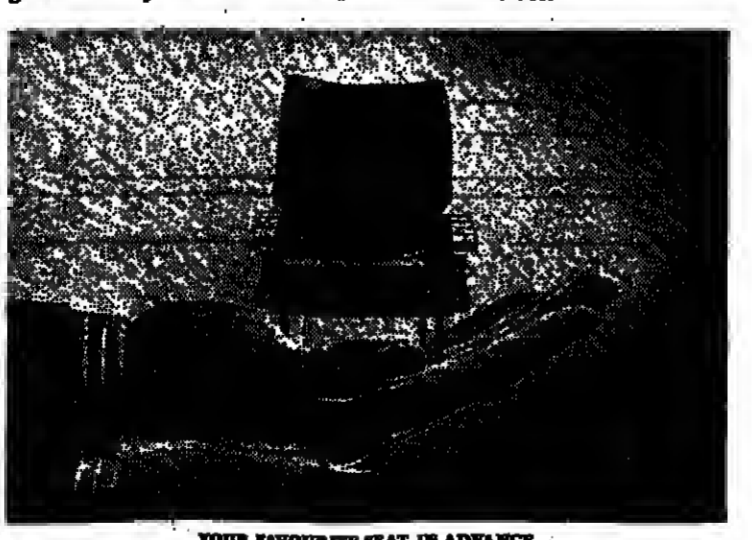
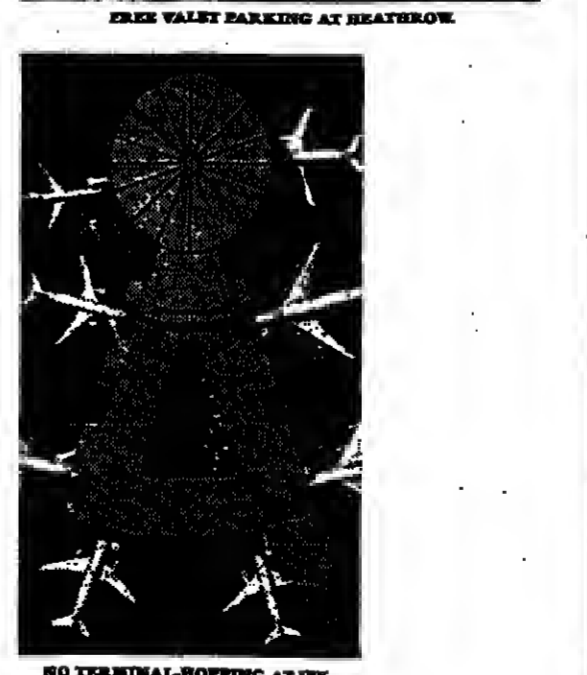
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UK NEWS

Union chief calls for flexibility before 1992

BY CHARLES LEADBEATER

MR BILL JORDAN, the Amalgamated Engineering Union's President, yesterday called on the British trade union movement to adopt a strategy for the 1990s built on a more flexible approach to single union agreements, greater emphasis on training, and closer links with continental unions before the creation of the single European market in 1992.

Mr Jordan was opening the annual meeting of the unions' policy-making national committee in the south coast resort of Eastbourne. In his speech he identified four key issues which he felt the unions would have to

address to regain their strength.

- To combat the growth of non-unionism and the deregulation of unions, the unions would have to adopt a flexible approach including single union agreements. Mr Jordan said the AEU would not turn back from its policy of signing such agreements despite the controversy which surrounds them.
- He called on the TUC to introduce a workable code on union recognition which would enable single union agreements. TUC leaders are due to meet to draw up the details of the proposed code on May 18.

The AEU had no desire to leave the TUC, but it had no intention of allowing the TUC to override its policy of pursuing single union agreements.

Ford's decision to cancel a £50m investment at Dundee because of opposition from other motor industry unions to the AEU's single union agreement for the plant, was a pyrrhic victory for misconceived principles, he said.

Mr Jordan called opposition to single union "the easy route of yesterday's dogma and today's non-unionisation, today's purity of soul and tomorrow's derecognition."

- If the unions were not prepared for the creation in 1992 of the single European market, the results could be calamitous, he warned.
- The single market would require unions to negotiate European-wide agreements with multinational companies. Co-operation between unions across national boundaries would have to move from the realms of rhetoric to reality, he said.
- The AEU and other unions would have to make youth training and adult retraining a greater priority in collective bargaining.

He said industry's neglect of training and the Government's failure to provide enough incentives for in-depth retraining had left a legacy of skill shortages which were shackling the economy's growth.

- The Labour Party had to pay more attention to the AEU as the Labour Movement's voice for the skilled working class.

While Mr Jordan attacked the Government for presiding over the contraction of manufacturing industry, he made a veiled suggestion that the unions needed to reassess the impact of the Conservatives' economic policies.

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Bill Jordan: looking to Europe

Rates reform 'may threaten 50,000 small businesses'

BY CHARLES BATCHELOR

FIFTY thousand small businesses, most of them retailers, could be forced out of business by the Government's plan to reform the rates system, the Forum of Private Business, a lobby group, claimed yesterday.

Proposals for a rates revaluation and the introduction of a uniform national business rate in 1990 could push otherwise viable businesses to the wall, Mr Stan Mendham, chief executive said.

The forum is the second largest of the small business lobby groups with 12,500 members and carries out regular polls of their views.

ble in the small business community.

The forum believes that 50,000 businesses will be threatened, a sum based on a survey of its members which showed that 10 per cent faced very high rate increases. It estimates there are 500,000 retailers in the country.

Retailers face changes in their rates ranging from increases of 200 per cent and falls of 20 per cent, which represents an average rise of 50 per cent.

Service businesses face rises of up to 150 per cent and falls of 35 per cent, an average rise of 25 per cent, the forum estimates.

It wants small businesses to be able to claim an abatement of 25 per cent of their rates bill on profits up to £2,500, of 50 per cent on profit up to £10,000 and 75 per cent on profit up to £20,000. To qualify, businesses would file an accountant's letter including a copy of their balance sheet and of their last two years' tax statements.

Rates hit small businesses particularly hard, the forum claims. They pay about 25 per cent of their pre-tax profits in rates compared with just 5 per cent for big businesses. They are less able to increase prices to offset higher costs and have no influence on local authority spending because there is no business vote.

Ms Teresa Gorman, MP for Billericay, has tabled an amendment inspired by the forum, to the Local Government Finance Bill, which reaches its report stage tomorrow. The amendment calls for smaller companies which cannot meet the higher rates bills to claim an abatement - a percentage reduction in payments depending on the amount of profits they make.

Nicholas Ridley's agreement to a phasing-in of rate increases will help many small businesses but it is still a fact that financially viable businesses will be put out of business unless there are further changes," said Mr Mendham. "A safety net is essential to protect the more vulnerable."

UK deficit on trade 'to rise sharply'

BY RALPH ATKINS

BRITAIN'S TRADE deficit will exceed £10bn a year by the end of the decade, the latest forecast by the Independent Treasury Economic Modelling Club predicts.

Buoyant demand in the UK economy and the strong pound are expected to push the current account deficit to £4.7bn this year and £8.3bn in 1989. This will increase to £10.4bn in 1990 - or more than 2 per cent of gross domestic product.

ITEM uses the Treasury's model of the UK economy but derives its results using different assumptions and interpretations. Treasury predictions announced in the budget for the UK current account show the deficit rising to £4bn this year and remaining roughly constant in 1989.

Commenting on its forecast for the trade deficit, ITEM says it suggests the sterling exchange rate will fall while interest rates rise. It also questions the scale of Government's tax cuts.

ITEM forecasts gross domestic product will grow by 3.1 per cent this year. Consumer spending and imports are expected to be higher than shown in official Treasury forecasts, but exports will be lower.

For next year, ITEM forecasts 2.1 per cent growth followed by 2.4 per cent in 1990.

New finance officer for credit body

By Peter Montagnon, World Trade Editor

THE Export Credits Guarantee Department has announced the appointment of Mr Michael Hawtin, a senior Treasury official, to replace Mr Fred Chapman as its principal finance officer when he moves to the private sector on a three-year secondment next month.

Mr Hawtin, 45, will become director of the ECGD's resource management group which controls its finance, treasury and personnel divisions.


He is at present an Undersecretary at the Treasury in charge of its local government group.

The ECGD hopes that the involvement in its affairs of a top Treasury official will lead to greater understanding of its problems in Whitehall, where the department has come under fire for its mounting borrowings from the Government.

These stood at £1.7bn at the end of its last financial year and Mr Malcolm Stephens, ECGD Chief Executive, has said they could peak at £3.5bn by 1993.

Mr Hawtin's experience includes a spell managing the finances of another government department, the Property Services Agency, between 1983 and 1986. He will join ECGD on a three-year secondment.


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TECHNOLOGY

Texas Instruments gets into semi-custom groove

Terry Dodsworth explains how the ASICs battle will intensify

THE DIZZY growth in sales of semi-custom chips, a rarefied, specialised field only two or three years ago, could hardly be illustrated better than in Texas Instruments' decision to tackle the market with its most advanced process technology.

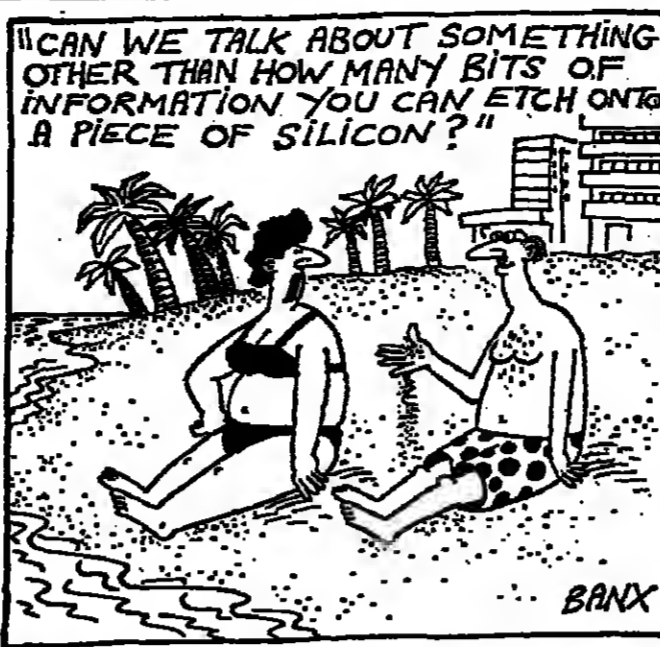
Memories are relatively straightforward chips to make, but as a result have become virtually commodity items, with competition largely based on price.

At present, for example, Texas is concentrating only on the simpler aspects of a technology known as gate arrays, a method of producing the semi-custom chip by connecting a number of uncommitted components or logic gates together.

This means that the hairline etchings that make the circuits on the chips will be no wider than one thousandth of a millimetre, considerably smaller than the standard 1.5 microns of the current generation. More functions can, as a consequence, be stuffed onto a chip, its processing speed increased, or its size reduced.

Several points emerge from the Texas announcement. First, it illustrates the practical application of the "technology driver" concept whereby semiconductor companies invest in memory chip technology as a means of developing the processes to make more complex logic semiconductors.

At present, for example, Texas is concentrating only on the simpler aspects of a technology known as gate arrays, a method of producing the semi-custom chip by connecting a number of uncommitted components or logic gates together.



companies are not attacking the market for the more elaborate ASICs. Nevertheless, the threat is there.

100,000 gates to the specialised producers. But in due course, the big companies will undoubtedly move into this area.

The volume market in this field is for chips with up to 8,000 or so gates, so this is where Texas will direct its sales drive, leaving the rarefied field of up to

WORTH WATCHING Edited by Geoffrey Charlish

Kodak adds Edge to its British copiers

KODAK HAS entered the UK plain paper colour copying market with the introduction of the ColorEdge machine that made its debut in the US earlier this year.

US Scars robot goes electric

UNIMATION, THE US-based robot manufacturer, has developed an all-electric Scars robot. (The Scars is basically a strongly hinged arm working from a central column in the horizontal plane only. Vertical movement is provided by a driven rod at the end of the arm.)

Argonne draws a bead on toxic gases

IN THE US, Argonne National Laboratory recently developed a versatile toxic gas detector called the Chemical Parameter Spectrometer (CPS) and has licensed it for manufacture by Transducer Research of Naperville, Illinois.

Staying in touch with paging versatility

CONVENTIONAL PAGING by "bleeping" - one-way speech from base to the pager, or two-way speech, can be provided as needed on Speech-Page 900, an on-site communications system which has just been launched in the UK by TeleNova of London.

Far-off measurements come to the surface

THE WRST German-based Wild-Leitz group has developed an infra-red optical gauging system that allows movement of a distant object to be measured accurately.

Automatic objective for UK lighthouses

THE UK consulting engineer Ewbank Preece has been appointed by Trinity House, the lighthouse service, to advise on communications criteria for the country's lighthouses in the next decade.

Rockwell moves to cash in on EC telecoms market

BY JANE HIPPEAU

THE EUROPEAN Community's plan to create a single market by 1992 got a vote of confidence last week from one outsider - an American who sees the end to nettlesome cross-border trade barriers in the telecommunications sector as a way of bolstering his ambitious predictions for business growth.

Design stations at the centre will be linked to Rockwell's main computer-aided design facilities in Newport Beach, where the company has its primary software, design tools and database.

One of the most encouraging signs of reduced regulation in Europe has come from efforts to develop standards for the so-called integrated digital services network, or ISDN, says Amelio. This network will have the ability to transmit voice and data simultaneously over public telephone lines.

At the same time, says Geary, Japanese producers which make 80 per cent of the fax machines sold worldwide are beginning to transfer their technology to European companies to get round trade barriers.

Rockwell executives are particularly keen to take advantage of continuing growth in the facsimile machine market. Europe has lagged behind sales growth in the US and Japan. But, according to Datquest, the market research company, worldwide sales of fax machines will grow from 10m this year to 10m by 1983, and Europe will be the main buyer.

BUDGET SUMMARY

Smiles on the faces of the rich BRITAIN'S better-off awoke this morning with smiles on their faces, secure in the knowledge that their six and seven figure salaries are worth considerably more.

Fears as covenant relief is cut CHARITIES form a relatively small proportion of the total amount given to charities each year, an estimated £2 billion. But for organisations whose budgets are finely balanced and whose resources are stretched, the effects can be quite marked.

If your boat came in, won't you help ours?

Unfortunately the Budget didn't mean more money for everyone. The RNLI, because of the effect of the tax cuts on covenants, is many thousands of pounds worse off. Money which is desperately needed to meet our daily running costs of £90,000.

Book, treat, settle, overt, pay, save, Gov. Ac. In brief, what's new in the budget? The new tax bands will increase to £31,107, before personal allowances and any deductions for his mortgage.

The Charities Aid Foundation acts as a clearing house for covenant donations. Similar sums can be done on several other members of the rich who, so doubt, already benefit from more than a modicum of financial advice and know how to fill in a tax return correctly, or pay someone to do it for them.

Royal National Lifeboat Institution FT8/2

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Journalist

De Beers still leads after 100 years - centenary marked by record sales, profits and dividend.

Extracts from Julian Ogilvie Thompson's Statement for 1987

It must be unique for a company which on its formation became the leader of an international business, indisputably still to hold that position at its centenary. Yet that is the achievement of De Beers Consolidated Mines, which was formed on 12th March, 1888, and celebrated its centenary on 11th March, 1988, at a banquet in Kimberley.

It is no less gratifying that in our centenary year the Central Selling Organisation should have been able to announce record sales of rough diamonds, and the Company to announce record profits and declare its highest dividend ever.

The sharp fall in prices on world stock exchanges from the middle of October understandably caused hesitancy in diamond markets. Fulfilling its traditional role, the CSO responded by severely reducing its sales at the November and December sights and maintained its cautious policy into the new year. This action, together with reports of good Christmas sales in the retail trade, resulted in a restoration of confidence during the first quarter of 1988 and the market is once again firm.

Further growth.

For the fifth successive year world retail sales of diamond jewellery established a record, principally as a result of increasing consumer confidence and spending — a reflection in turn of further growth in the world economy — and the success of our major advertising and promotion campaigns in 28 countries.

Retail sales in the United States again grew by some 10 per cent and sales outside the US were stimulated by the fall in the dollar. In Japan, the second biggest market, sales were buoyant, particularly in the larger pieces and men's jewellery. Strong growth was also evident in other parts of the Pacific Rim. In Europe, after a number of disappointing years, there has been a strengthening of demand, and overall we estimate that in dollar terms sales in the major markets rose by 14 per cent, as they did in 1986.

The mood in both the cutting centres and the retail trade is optimistic, so that given the maintenance of producer co-operation and growth in the major economies we can look forward to another satisfactory year.

Industrial Sales.

Sales of natural industrial diamonds and of synthetic abrasives and polycrystalline diamond (PCD) products were a record in both volume and value and the trend has continued into 1988. There has been some recovery in the natural drilling market, after several years of depression; and PCD products are penetrating new areas of application — rather than displacing other diamond tools — for example as large cutting pieces for oil-well drilling and the wood-working industry.

The Argyle mine in Australia, which in terms of volume is the world's largest producer, has been operating at full capacity for the last two years. The absorption by the market of most of the cuttable portion of its production has been remarkable. This has been greatly facilitated by the efforts of the CSO, both in its methods of assortment and sale and through its consumer advertising by the constructive relationship between it and Argyle Diamond Sales; and by the ingenuity of the Indian industry, which manufactures the majority of these stones, in working them.

An important development during the year was the exchange by De Beers Botswana Mining Company (Debswana), in which the Government

of Botswana is an equal partner, of part of the stock of diamonds accumulated in the depression of the early eighties for a five per cent shareholding in De Beers itself. The arrangements also entitle Debswana to representation on the boards of De Beers and the Diamond Trading Company. As the new mines discovered by De Beers' geologists in Botswana have been brought into production in the last two decades Debswana has become the western world's major producer of diamonds, by value, and it is entirely appropriate that it should participate fully in the decision-making of De Beers and the CSO. I am sure the arrangement will further strengthen the stability and confidence of the industry as a whole.

Total production from De Beers' mines and

a cost of R90 million the Navachab gold deposit, north-west of Windhoek, discovered in 1984. In consequence CDM will invest R30 million in the new open-cast mine.

In December shareholders approved the De Beers Employee Shareholder Scheme enabling employees in South Africa and Namibia to acquire shares in the Company, on an equal and voluntary basis, and at no cost to themselves. The response to the initial offer of 10 shares to each employee in January was encouraging and it is proposed to continue the scheme for at least four more years. Our purpose is to enable all our employees to participate in a meaningful, if initially modest, way in the wealth-creating process and the success of the company they work for.

during the year of R49 million, of which some 80 per cent is on education, primarily to help redress the imbalance between the black and white educational systems.

Reform for South Africa.

De Beers strongly supports rapid reform towards equal opportunity and dignity for all South Africans, based on full participation in the political process. Regrettably, I cannot report any notable progress in this direction in the year under review. The May 1987 election for the White Chamber of Parliament was fought largely on the issues of sanctions and security, and the response of the electorate, significantly, showed a marked swing to the right, with Afrikaans-speaking voters leaving the ruling National party for the Conservative party, while English-speakers swung from the Progressive Federal party and the New Republic party to the Nationalists. The overall effect was to make the Government much more concerned about pressure from its right — the Conservative party having replaced the Progressives as the official opposition — than from its left, and in consequence the reform process came almost to a halt. The Group Areas Act, one of the last great pillars of apartheid, is to be amended, not scrapped, and it remains to be seen whether the changes to be tabled will be bold enough to relieve the pressure on the few "grey" residential areas that have been tolerated.

KwaZulu/Natal Indaba.

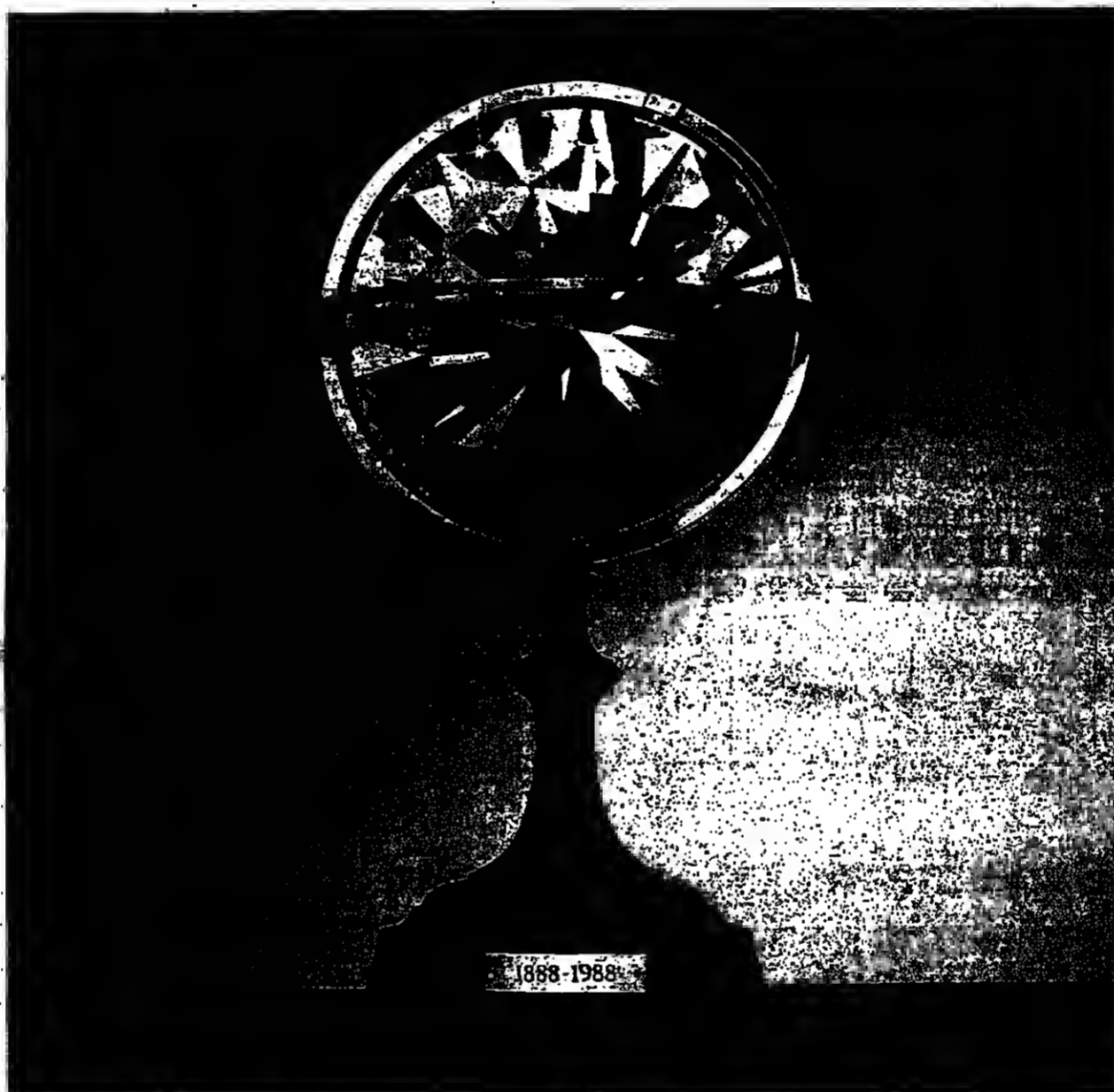
A measure of consolation may be found in the fact that some of the positive changes made in earlier years have continued to bear fruit. In industrial relations, in education, in housing and in black participation in business, particularly in the informal sector, there has been progress. A joint executive authority between Natal and KwaZulu has been established and the Government, notwithstanding some discouraging statements, is said still to be considering the innovative constitutional proposals of the KwaZulu/Natal Indaba.

South Africa continues to be governed under a state of emergency, and recently far-reaching new restrictions were imposed upon a number of political and semi-political organisations. It is not easy to discern the reasons for what was done; if it is indeed true that South Africa can only be governed by such methods as these, then the need for constitutional reform is obviously greater than ever.

Despite sanctions and disinvestment there has been a marked recovery in economic activity, and in the black urban areas at least there seems to be some improvement in the quality of life. The Government's major concern now is to embark on a wide-ranging reform of the economic system. That is certainly as important as it is welcome, but it has to be realised that economic progress and political reform go together. One effect of the recent bannings may be to intensify sanctions and disinvestment, counter-productive though they have proved to be politically, and damaging as they are to the livelihood of those they ostensibly seek to help. More than ever it is urgently necessary to negotiate and implement a constitution which can provide equal opportunity and political participation for all, protected by an entrenched Bill of Rights.

The full Chairman's Statement is contained in the Annual Report of the Company for the year ended 31st December 1987 which was posted to registered Shareholders on 18th April 1988.

De Beers Consolidated Mines Limited
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The diamond industry employs several million people in over forty countries across four continents of the world.

Debswana in 1987 was marginally lower at 22,842,586 carats. The mines have continued to control costs satisfactorily in an inflationary environment. Plant modifications at the Jwaneng mine in Botswana should result in a further increase in production of some five per cent this year. Close co-operation between the mines and the Diamond Research Laboratory continues to result in the introduction of improved recovery and more cost-effective techniques.

The economic appraisal of the Venetia pipes in the Northern Transvaal has been updated, but unfortunately the project continues to show an inadequate return on investment under current parameters, including the taxation capital allowance base. We shall continue to do all we can to turn this potentially important occurrence to account.

Our world-wide prospecting programmes have been continued; there are no discoveries of economic significance to report.

For many years our wholly-owned subsidiary CDM has financed one-third of the Anglo American Group's prospecting programme in Namibia. We were, therefore, particularly pleased when Anglo American, jointly with CDM, announced in October that it would be opening at

The employment practices section of the annual report records the progress that has been achieved in other important areas. I would mention in particular the growth in our home-ownership scheme and the success of the pre-university bursary scheme for black undergraduates, which we initiated with Anglo American Corporation at the University of the Witwatersrand, and is now being extended to the universities of Cape Town and Natal.

To improve understanding of the career opportunities offered by the mining industry and its educational requirements we have introduced a new system of liaison between the mines and secondary school teachers and pupils which should be of benefit to all concerned.

Legislation removing job reservation in the mining industry has at last been passed but not yet brought into operation, pending the determination of new regulations. It is highly important that this long-outstanding matter should be brought to finality quickly, and that the regulations should facilitate the award of certificates of competency to qualified blacks.

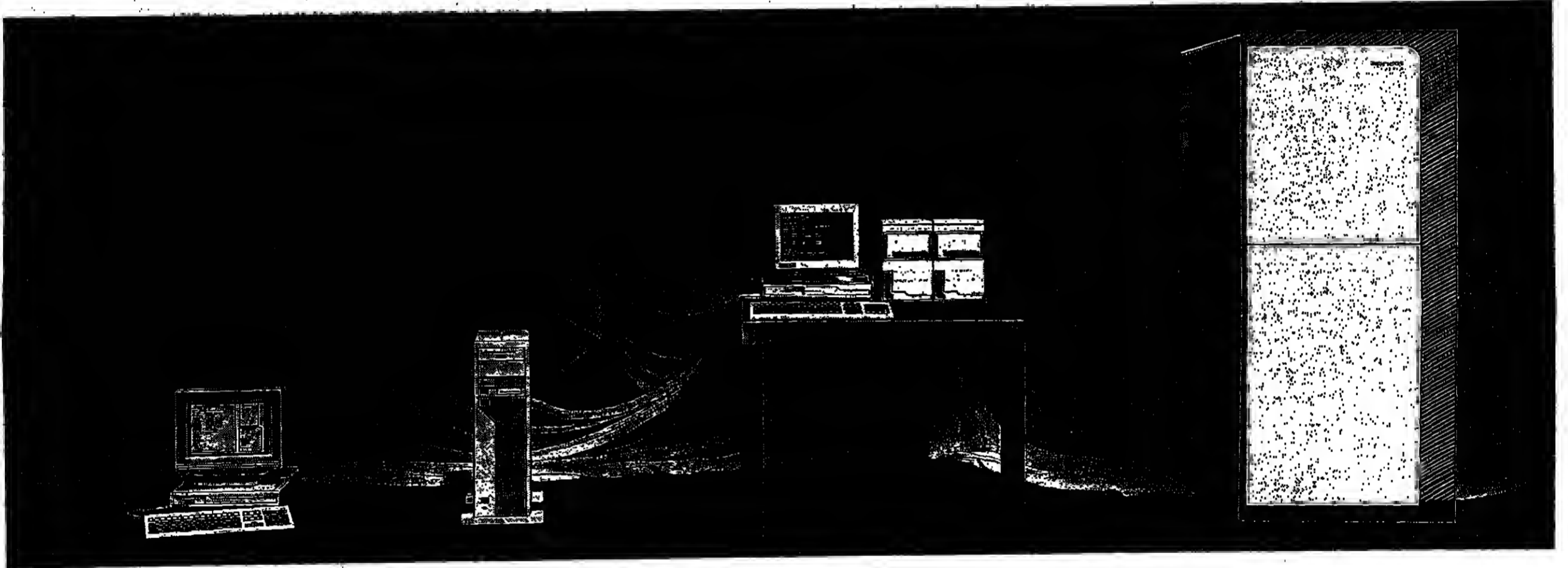
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MANAGEMENT: Small Business

Small business in Belgium

A climate confused by contradictions

BY CHARLES BATCHELOR

LIKE THE country itself, Belgium's small business policy suffers from a split personality — on the lines of the linguistic divide but over whether the Belgians should protect the old-established professions and skills or whether they should encourage new forms of enterprise.

In small business terms Belgium falls midway between the conservative approach of West Germany and the British zeal for removing red tape. On the free-market side of the debate stand academics like Professor Rik Donckels, director of Belgium's Small Business Research Institute. He is critical of the narrow horizons of many Belgian entrepreneurs and of the heavy tax burden, high social security payments and red tape which constrain them. Donckels questions whether the country's small business sector will be able to meet the challenge of a single European market.

On the other side is Jacky Buchmann, head of the Improbable Ministry of the Middle Classes, who points to a stream of legislative changes over the past five years aimed at helping the unemployed start up their own businesses, encouraging innovative companies and establishing management workshops.

True, Buchmann acknowledges, there are 41 occupations, ranging from demolition contractor to hairdresser, from watch repairer to restaurateur, which require a certificate of professional competence. But if this is seen as a restraint on enterprise, Germany and the Netherlands have twice that number, he points out.

Even this disparity would not be maintained, though, if the National Christian Organisation for the Middle Classes, the country's most powerful lobby group, had its way. It has been lobbying government to extend the system of certification to jobs such as computer software programmers and decorators.

It is of great importance to the Belgian economy that the country get its small firms policies right. No fewer than 98.5 per cent of all businesses, a total of just under 157,000, are categorised as small — employing fewer than 100 people. Between them they

employ 46 per cent of the country's labour force. In addition, 660,000 people are self-employed.

Between 60,000 and 70,000 new ventures are started each year, though 16 per cent will go bust within 12 months, rising to 25 per cent after two years.

The type of business that is being set up, however, does not bode well for the modernisation of Belgium industry. Trading companies account for 68 per cent of start-ups while new technology-based firms represent just 0.01 per cent of new ventures, Donckels says. This compares with a figure of between 1 and 2 per cent for technology start-ups in the US and 1 per cent in Germany.

At first sight the typical business founder starts with a number of advantages. Aged under 35, the new entrepreneur will have a technical or college-level qualification and in 45 per cent of cases will come from an entrepreneurial background.

But his efforts appear doomed to remain small-scale for a long time. He usually depends on funds provided by his family to get started and the business will begin with barely adequate finances — less than Bfr250,000 (\$2,850) in more than four cases out of 10 and less than Bfr500,000 in seven cases out of 10.

"Our entrepreneurs are not thinkers," says Donckels. "They are technically well qualified but they are interested in the production side of things, but their desire to do everything themselves makes it difficult for them to grow." Unlike their Dutch neighbours the Belgians have not developed the marketing skills which are essential if they are to expand beyond their small home market.

A small Belgian software company with good technical people desperately needed someone with commercial skills, recalls Paul Vets, director of ISEF, a venture capital company set up by the Belgian savings banks. "I tried — unsuccessfully — to persuade them to take on someone with commercial skills but they thought he would influence the products they made," he says.

The limited ambitions of the Belgian entrepreneur may owe something to the constraints under which he operates.

Belgium was rated as having the worst tax environment for the small firm of any of the 10 members of the European Community in a comparative survey carried out in 1983 by the Economist Intelligence Unit. Little appears to have changed since then and continuing budget deficits promise little prospect of relief in the near future.

Small businessmen in Belgium readily trip off the numbers which illustrate the size of the tax burden. Bruce Lang, an Englishman and the founder of Lang Learning Systems, a Brussels-based designer of interactive video training programmes, reckons that on every Bfr100 he pays in salaries, social security charges add a further Bfr45. What the employee takes home after tax is just Bfr55.

As if the high level of tax were not bad enough, companies must estimate future profit levels and pay their tax in instalments in advance. There are sizeable penalties for underestimating their tax bill but no compensating interest if they pay too much.

"Large companies are better able to forecast what their profits will be at the year end than the small company," notes Yves Souris, head of the small firms' division of the Belgian employers' organisation, the FEB. "Small companies find it harder. They might win a big contract but then forfeit the benefits because they have to pay a fine. The system should encourage companies to increase their profits, not punish them."

But tax is not the only problem the company in Belgium faces. Despite the existence of a commission to reduce red tape companies are still hamstrung by too many restrictions.

A notable barrier to small company growth is the requirement that they recognise a union as soon as their payroll reaches 50 people. Many businesses reach 40 employees and then stop.

A wide-ranging programme aimed at improving conditions for business which has been drawn up by the FEB calls for the rules on union recognition to be relaxed. "We want to avoid employers having to recognise a union overnight," says Souris. "There might be an agreement to



Bruce Lang: "It is crazy to be slammed with profit tax in the beginning when you need most help and when you have a difficult cash flow."

keep employees' representatives informed of a company's plans when the workforce reached 50 people. This could be the first step to full union recognition when the firm increased in size.

Another important constraint on the small firms sector, which is also recognised in the FEB programme, are the problems involved in passing on a private company to the next generation. High rates of inheritance tax make it difficult to pass on a company, complains Souris. The employers' organisation wants a reduction in the rates of tax and the option of spreading out payments over a five year period.

Despite the criticisms which the small business sector still has, initiatives have been taken in recent years by the government, the banks and the private sector to improve conditions.

A loan scheme to encourage the unemployed to go into business for themselves provides individuals with a Bfr500,000 (£7,690) loan repayable over 10 to 15 years. Buchmann says this scheme,

A taxing problem

LANG LEARNING Systems has grown rapidly since Bruce Lang decided to set it up after several years with IBM, the US computer giant. Lang, who had worked as training programme manager for IBM in Brussels, started his own business in 1984.

The company makes interactive video programmes for training and information purposes for customers such as Volvo, the European Commission and the electronic bank transfer network, SWIFT.

It made a pre-tax profit of Bfr7m (108,000) last year on sales of Bfr63m. With 10 employees it has outgrown its current offices near Brussels' Zaventem airport and will shortly move to larger premises nearby.

Lang Learning will pay less than the commercial rate of interest over the first four years of the loan it has taken out to buy its new offices thanks to a government programme. But other aspects of doing business in Belgium leave Lang less happy.

He is critical of high levels of personal taxation and also of the requirement that companies pay corporation tax on the basis of forecast profits.

"Within three months of

lead to small firms but more recently it has added a participation fund. This fund is intended to put small companies on a par with their large counterparts when it comes to raising finance.

It operates by taking an equity stake or providing subordinated loans. However, the small businessman's reluctance to involve outsiders in his affairs has meant only 14 equity stakes were taken up by the fund in its first two years. Most people opted for the more expensive loans.

To increase the low numbers of new technology companies being formed, legislation passed in 1984 created the concept of the innovative company. These companies and people and organisations which invest in them are granted certain tax exemptions.

But governments throughout Europe have long been aware that advice is in many cases even more valuable to the small company than finance. Belgium has developed a number of programmes to provide training and support for the smaller company.

The country now has a network of 22 local training centres which provide technical and business training mainly to young people. It is these centres which

starting you receive a demand for tax on profits you haven't made," he says. "It is crazy to be slammed with profit tax in the beginning when you need most help and when you have a difficult cash flow."

Equally frustrating is the slowness with which VAT officials handle repayments due to Lang Learning on the 50 per cent of sales it makes outside Belgium. The company does not recover the VAT it pays its suppliers from its own customers but from the government.

"There is no specified time for making repayments though it currently takes four months," says Lang. "The amount outstanding has reached Bfr4m, a significant sum for a company our size. We have had to dip into our credit lines and pay interest charges because of the delays."

Lang Learning's experience in raising capital locally has been capricious. Bruce Lang says he was impressed with the speed with which his bank responded to a loan request. He puts this down to increased competition between the banks for commercial clients. "They came up with Bfr12m in five days," he says.

He also found it relatively easy to raise venture capital funds. ISEF, a venture capital group set up by the Belgian savings banks, provided Bfr2.6m in return for a 40 per cent stake in the equity.

provide the qualifications needed to set up in one of the 41 regulated occupations.

Business incubation centres have also been established over the past five years — 13 in Flanders and two in Wallonia. They provide shared secretarial and other services to young businesses in their first few years.

Many of these measures form part of national legislation but as Belgium has decentralised government functions, implementation of many of the schemes are organised regionally. This has the advantage of bringing them closer to the businesses they are trying to help and means the regions frequently top up the national programmes with their own incentives.

"The view of academics like Donckels and organisations such as the FEB is that, while much remains to be done in removing red tape, the small firms sector does not require any further special legislation. The government should aim at creating general economic conditions which favour all businesses, they say.

"We don't want any new measures," says Donckels. "What we need is for the measures we have to be made more accessible."

So VAT's that

BY RICHARD WATERS

READERS may recall (January 25) the difficulties experienced by David Franklin Ltd, a small import-export company, in extracting a VAT repayment penalty from Customs & Excise.

The company waited for more than 30 days last summer for a VAT repayment of £14,119.40. According to a VAT explanatory leaflet, this meant that it was due a penalty of 5 per cent of the amount due — or £705.97.

Customs did not pay up; it argued that section 20 of the 1985 Finance Act said that payment had to be approved within 30 days, not actually effected. Franklin's payment had been approved in time, even though it claimed it didn't get the money for 33 days, so tough luck.

Small business minister, John Cope, has now written to the Association of Independent Businesses about the matter. Customs & Excise offered its apologies that the VAT leaflet differed from the letter of the law, he said. But the law stands, so Franklin and others in the same boat will not be getting the penalty (known officially as a repayment supplement). The offending leaflet is being withdrawn.

Companies might be tempted to retaliate by only authorising, rather than making, VAT payments within the time allowed them under the 1985 act. But they will find the law is not on their side: section 19 of the act says that payment must accompany a VAT return, which is due within 30 days.

Small employers needed in n-east

GRADUATES have traditionally looked to the larger company when considering a business career. Recent years, however, have seen the launch of a number of schemes to encourage graduates to think of working with the smaller firm.

Durham University Business School has this year begun a Graduate Associate Programme in Entrepreneurship to provide recent graduates with training in small business management.

The business school has received more than 400 replies from graduates but now faces a shortage of small companies in the north-east ready to employ them for the practical part of the diploma. Interested companies should contact Ted George, DUBS, Mill Hill Lane, Durham, DH1 3LB. Tel 061-374 2256.

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Electronic Burglar & Fire Alarms for Homes & Businesses (21%)	45
Construction Equipment (9%)	6
Gaskets - Automotive (20%)	20
Store Fixtures/Showcases (9%)	4
Teys - \$2.50 avg retail (30%)	15
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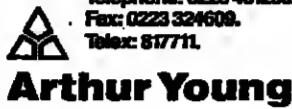
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Deutsche Bank

ARTS

The Mahabharata/Old Transport Museum, Glasgow

Michael Cooney

Peter Brook's mesmerising production of the Indian epic poem in Sanskrit, The Mahabharata, has travelled far since Anthony Curtis acclaimed the Avignon Festival premiere in those columns in July 1985. Jean-Claude Carrière's French prose adaptation was translated into English by Brook for the world tour which started in Zurich and comes to Glasgow after visiting Los Angeles, New York, Adelaide, Perth and Copenhagen. No account that I have read had fully prepared me for the lightness and splendour of this dynamic power struggle. Long it may be, today it most certainly isn't. Sunday's first Glasgow marathon of all three plays - nine hours of performance in an old Transport Museum on the West side of the city, punctuated by two hefty intervals, was greeted with a tumultuous standing ovation the like of which I have not witnessed before in a British theatre. And this was the point. We were not really in a British theatre.



A scene from Peter Brook's mesmerising production of this Indian epic, currently in Glasgow until May 17.

The world shrinks to a microcosm in the Glasgow museum, a magnificent steel-girder Victorian shed, under threat of demolition, that has been bricked-up, sand-blasted and generally consigned with a reddish earthy patina of cyclic experience. Adventures of death, wars, marriages and travel explode in a colourful Homeric kaleidoscope of action at the bidding of the poet narrator, Vyasa (Robert Langdon) who is instructing a young child. The use of participatory third person narrative is similar to the style of the RSC's Nicholas Nickleby. But while the fate of individual characters does indeed concern us, the scope of the event is the entire history of mankind. It is this mixture of local incident and vast consequences that gives The Mahabharata its special theatrical resonance.

lak, formerly Grotowski's Constant Prince. Their mother loyally constructs for this performance, and actors take vantage points for battle just as they climbed like ants over the back wall in Les Iles. A river traverses the stage area, shut off by a great looming burlapped orange wall behind. A downstage pool is a location of both death and rebirth. There is a renewed delight here in theatre for its own sake. The costumes are magnificent, never consciously "ethnic", beautiful in every sense, no more so than in the Arabian Nights-like episode in the foreign court where the exiled Pandavas find employment after spending twelve years in the forest. Flame races through the dusty arena like an electric firecracker at a crucial moment of dispute. The wife of the banished Pandava brothers (she is allotted to all five of them) unravels an endless golden sari as a defence against rape. An archery lesson is a thrilling episode of mime, swiftness, bamboo and rapidly manipulated arrows. The master of archery, Drona (Yoshi Oida), stretches himself in his own blood on reaching the furthest border of his own life. A beheaded soldier stiffens to attention and pretence, on the spot, then slumps. There are certain similarities with Les Iles in Chloé Golembzky's design. As in most of Brook's Paris work, the production seduces into its concentric waves from a point at which the stone hits the water. Footholds have been stapled into the brick partition wall behind, and actors take vantage points for battle just as they climbed like ants over the back wall in Les Iles. A river traverses the stage area, shut off by a great looming burlapped orange wall behind. A downstage pool is a location of both death and rebirth.

Toshi Tanchitori really comes into their own here, having underplayed the role so far with a seductive, plaintive Indian brogue of wailing conches, a grumbling diatribe and wheezing squeal-box. The percussion is amazingly well integrated into a pulsating scenario of blowing tubes, swirling bamboo ladders, a rising trap door to signify a chariot, two huge rolling wheels manipulated as casually as yo-yos, and long poles wielded in a final showdown between Karma and Arjuna (another very fine, emotionally complex and varied performance by Vittorio Gassman) that is on a par with Shakespearean battle on the fields of Shrewsbury and Bosworth. A sense of the world encroaching its own story is most powerfully evoked by the heroism of Brook's company. The British actor Bruce Myers doubles as a demigod scribe in an elephant's head with the ambiguous friend of the Pandavas, Krishna, a powerful and prodigious magician who may be a god himself. The Pandava's shared wife is played by the bewitchingly beautiful Mallika Sarabhai, herself Indian and brimful of grace and gravity. There is a goodly collection of robust African actors, notably Solomi Koyate as the ideal, calm, but not certain, strategist, Bhishma. There is sporadic talk of finding your karma, and indeed of operating one's dharma. But scant attention, I imagine, has

been paid to the Hindu philosophy embodied in The Mahabharata, a work said to be fifteen times as long as the Bible. The crucial Bhagavad Gita sequence, for instance, is represented merely by a banal whisper. In an introduction to the published play text (Methuen, £4.50), Brook discloses any pretence at establishing historical or theological truth. It is dramatic, something he is after, and I suspect, something more. This is a great and unforgettable theatrical experience not least because the latest leg on Brook's journey has taken his sympathy to a revelation of how we might present heroic theatre. This Glasgow presentation, one in the eye for Edinburgh and a timely cosmopolitan blow in the gothic for London, runs in this wonderful new venue in Pollock's shielded demolition order may yet be permanently deferred - until May 17. Marathon performances are all sold out, so determined theatregoers will have to spend three days in Glasgow, no bad thing in itself. That should leave plenty of time to peruse another timely publication, a collection of Brook's essays written over the past 40 years, The Shifting Point (Methuen, £14.50) which complements his influential 1988 polemic, The Empty Space, by documenting a lifetime's dedication to not standing still in the arts. Tomorrow, in Brook's book, is another country. The quest continues.

London Galleries/William Packer

Experience counts

In all the worthy schemes for prizes, bursaries and like encouragements, one obvious opportunity remains conspicuous by its neglect. Through the flight of the talented young with all the excitement of promise unfulfilled naturally commands an active sympathy, it is the promise kept and carried through with age and experience into actual achievement that is finally the more interesting and worthy of support.

At last a benevolent institution which administers the estates of the American abstract expressionist painter, Jackson Pollock and his wife, Lee Krasner, has seen the gap and hopes to plug it. The Tate's recent purchase from the Foundation of three major works by Pollock supplied the moment to publicise the scheme in Europe. Artists are invited to submit a work of their own which they have a current financial need, whether professional or personal, for whom a grant from the Foundation will enable the artist (sic) to pursue his career. . . . There is no age or of recognisable merit who have a current financial need, whether professional or personal, for whom a grant from the Foundation will enable the artist (sic) to pursue his career. . . . Details are to be had from the Foundation at PO Box 4867, New York, NY 10185.

In London now, not the need exactly but the general case for the mature artist is demonstrated by three painters. Two are not yet sixty, the third barely fifty, but each has been showing since the early 1960s. Each has swum in and out of the mainstream in his time, but has resisted being carried away and followed rather the necessary pace, progress and direction of his own work. None could now be considered fashionable in his work, and each would hold the thought irrelevant. All three deal in abstraction to a lesser or greater degree, but never has he seemed so lively and truly carefree, nor his work so at ease and natural in its authority.

John Golding (at the Mayor Rowan Gallery, 51a Brunton Place W1, until May 12) remains very much the painter he always was. Though association and suggestion are free, his work is truly abstract in the sense that it makes no direct visual reference beyond itself. Long ago he established his imagery and the format within which it should be disposed, and has remained faithful to both. He is a most distinguished scholar of modernism

who was, until lately, an influential teacher of both the history and practice of painting; and sometimes it has seemed that his work he has been constrained and led not by its inner necessities, but rather by thoughts of what the modern painting ought to be. He is a consummate colourist and always most delicate in his handling of his materials. Fields of clean, saturated colour are laid across the surface to be pierced and activated by vertical bundles of lines and strokes, which could be rods or sticks in a thicket or nothing at all. But here too, for all such apparent consistency, there are signs of a true creative development in process, subtle and delicate but no less real for that. A new liveliness is evident in the handling of the paint and the making of the painting, a spirit of practical freshness and simplicity. Suddenly the work, though no less beautiful and subtle, is more open and active on the surface, the mark looser and easier, not unfinished, merely underplayed. The spirit is one of relaxation in statement and a more confident ambiguity in the imagery, which is happy to derive any further imaginative speculation to us.

The youngest of our trio is John Loker (at Angela Flowers, 11 Tottenham Mews W1, until April 28), whose work, though never abstract as such, has always related directly to the landscape in ways that have been variously simplified, schematised and thus abstracted. But in recent years the stricter modification to which the image was subject has given way again to something more open and direct. He still favours the sectioned image with its implications of time and sequence, but less often and now leaving each several image quite distinct. His images, that were derived from incidents of landscape - channels, pools or vessels of some kind - are now generalised into a cosmic symbolism of cones and spirals, vaguely sensual or ecstatic, rich and lively in the particular to the general is already clear, and may yet tend further into an ever more abstracted symbolism. Such a direction is for Loker to choose, but whether he goes on or turns back, he is too good an artist not to carry us with him.

At last a benevolent institution is recognising that it is the promise kept and carried through which is the more interesting achievement

and stuffy, with the larger oil studies on paper freshest of all. Air, space and light have come into the work, and brought it to life. Hubbard was always a clever and careful painter, but never has he seemed so lively and truly carefree, nor his work so at ease and natural in its authority.

John Golding (at the Mayor Rowan Gallery, 51a Brunton Place W1, until May 12) remains very much the painter he always was. Though association and suggestion are free, his work is truly abstract in the sense that it makes no direct visual reference beyond itself. Long ago he established his imagery and the format within which it should be disposed, and has remained faithful to both. He is a most distinguished scholar of modernism

Patrick Gallois/Wigmore Hall

Richard Fairman

Ever since Debussy's fame made his first appearance to the sound of a sensual and languorous solo flute, the instrument has been a favourite of French composers and the inspiration of some of their finest chamber music.

Just how much of it there is hinted at in this recital, given on Friday night by the young and vibrant young pianist, Patrick Gallois. From Messiaen's birdsong to Ravel's Sonate posthume, a piece which leads the listener into unexpectedly lush and verdant musical pastures, each composer of note seems to have had something to add to the repertoire. The fine special quality of sensual grace was clearly to the taste of all of them.

In this respect Gallois makes an ideal interpreter of the music. A little passing strain on the flute, the music is always elegantly slender (not full and rich in the Galway manner), the style pointed and fluent. He made the opening movement of the evergreen Pauline Sonata wistful rather than mournful and in the central Cantata drew a melodic line that was hauntingly cool and

still: an individual touch to a work that is in every flautist's music case. As you might expect, the Poulenc took pride of place at the end of the recital. But earlier on the Sonatine by Dutilleul had turned out to be no less delightful a discovery for anybody who did not know it already: a bubbly, lively, almost comical piece, light and serious, and full of ideas which deftly make their point and then swiftly stand aside to make way for the next change of mood. Even among so much engaging music, this was a work to keep the intellect on its toes. Indeed, the only disappointment of the evening came with the finale by Jacques Deshayes, which were being heard in London for the first time. The Cinq Pièces étranges for flute and piano were entertaining enough in a light-hearted way. But the matching Cinq Étranges intéressantes for solo flute, though a little more than commonplace bell-like tones wrapped up in misty harmonies, hardly deserving the sensitive attention that was accorded them by Elizabeth Sombart, the recital's exemplary accompanist.

Saleroom/Antony Thorncroft

Turner record at Phillips

A watercolour by Turner of the Grand Canal in Venice, with the church of S. Maria della Salute prominent, sold for £440,000 at Phillips yesterday. It was a record price for a Turner watercolour, and was the highest price for a Turner watercolour, and was plumb in the middle of Phillips' estimate. Turner's Venetian watercolour were not seen publicly until after his death and have given rise to much academic controversy. This example was probably painted in 1846. There is less dispute about their genius and there was fierce bidding for this example which was eventually secured by a German industrialist bidding over the phone. All told the auction did very well, making £784,000 with six per cent unpaid. The London dealer David Carrist paid £33,000 for a scene of figures in a lane with Vesuvius gently smoking in their background painted in 1782 by Thomas Jones, while the same sum secured a study of a man wearing armour by Burne Jones. Previously unrecorded it is a study for the "Perseus" series commissioned from the artist by Arthur Balfour for the decoration of his music room in Carlton Gardens. A moorland scene by Arthur William Hunt made £11,500 and "Hero", a portrait of the classical figure by Seudyes went to Agnew for £10,450. All the top prices were around twice their estimates.

Sotheby's sale of instruments of science and technology brought in £237,850, with 20 per cent unsold. There was one major disappointment, a Dutch astronomical compendium of 1688 billed to find a buyer, but the main lot, a 1714 microscope by the production of Galileo Peruzzi, was bought by Lucinda Massine and Raymond, photographed by 268-hill Baryshnikov after Papias. £22,000. Ends June 11.

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Lloyd Cole and the Comotions/Wembley Arena

Claire Datziel

It's amazing how far an impressive-sounding name can get you these days, but it takes substance to stay at the top. Lloyd Cole and the Comotions seem destined to remain the SDP of New Wave pop rock. The refreshing promise of their first album *Rattlesnakes* has matured into an innocuous mish-mash of styles, heavily reminiscent of Simple Minds, Dire Straits and occasionally The Smiths. So why do they continue to appeal? The answer must lie in the packaging. For it is Lloyd Cole's extraordinary voice which first set this band apart from a hundred other hopefuls. He has that same broken, aching quality as Morrissey, a palatable angst

which sells well at the "Reluctant Yuppie" end of the market. It was certainly all Lloyd and no Comotions at Wembley Arena on Sunday night. His band pumped their way adequately through a two-hour set of album material taken from *Rattlesnakes* and their latest offering *Mainstream*. Of the latter, the lyrical "From The City" and the lively "In My Bag" were well done. But in the end old-timers like "Perfect Sky", "On The Waterfront" and the left encore "Forest Fire" were left to provide welcome relief to a set of otherwise indistinct numbers. The band themselves were most noticeable for their less-than-low profile, casual

menewer image. Even Blair Cowan, keyboardist and co-founder of the band with Cole in 1984, wibbled into the background during a brief solo at the start of the show. He looked bored and uninterested throughout, which is perhaps because he is leaving the band this year. All in all, of course, makes the music of Lloyd Cole all the more watchable. Dressed like a slightly madcap academic in an Oxford 1950s suit, striped red shirt and scruffy desert boots, he flaps his wrists, kicks his knees and poses for his way around the stage. The look was completed when he took a pair of John Lennon spectacles from his pocket, placed

them carefully on his nose, and leaned forward to peer at the front row of the audience. That was about as near as the evening came to an audience-performer frisson. Cole himself muttered the problem into his microphone: "We're not used to playing anywhere bigger than The Marquee." The classic crowd-riiser "Do You Feel Alright?" came out confidently as "Are you really uncomfortable?" This kind of timidity may be endearing in a smaller venue, but in a wind-tunnel like Wembley Arena it takes a little more gusto to get an audience up and singing. Which is, after all, what most of them have paid for.

Aldeburgh Festival

The composer in residence at this year's Aldeburgh Festival (June 10-26) is the Russian Alfred Schnittke, and three of his works will be given their British premieres: the Fourth Symphony, Op. 47, the Concerto Grosso No. 3, and the Suite for Piano and Orchestra.

The two operas in the festival will be Benjamin Britten's *Pastoral Symphony* - his first stage work, which will be recorded here for the first time - and Chalkovsky's *Tolstoy*. *Banyan* will be given by a cast of singers from Minneapolis conducted by Philip Brunelle, and *Jolanta* by the Britten-Pears School, produced by Galina Vishnevskaya. Chalkovsky's highlights will be performed by pianists Anders Skjold, Alicia de Larrocha, Leon Fleisher, Peter Frankl, Tamas Vassy and Murray Perahia.

Arts Guide

Opera and Ballet

LONDON

Royal Opera (Covent Garden). Peter Hall returns to Covent Garden as producer of the eagerly awaited new production of *Die Walküre* by Wagner, with Maria Furtwängler in the title role, Robert Hale, Robert Tear and Brian Dermody. The revival of the Wagnerian Zeffirelli production of Lucia di Lammermoor serves for the first London showings in the title role of Edita Grubisova, John Pritchard conducts, and the cast includes Lada Lina, Wilma Tucker, and Giorgio Surian. (6-20 300)

English National Opera (Coliseum). Mikhail Rysanov's new production of *The Marriage of Figaro* is conducted by Ivan Fischer, and has Thomas Randle, Helen Field, John Reilly, and Gwynne Howell in the principal roles. Also in repertoire: Jan Judge's production of *La Cenerentola* and *Le Nozze di Figaro*, by Verdi. (6-20 300)

Royal Opera House (Covent Garden). Royal Ballet in *Swan Lake*. Northern Ballet Theatre (Sadler's Wells). A London season starts with a triple bill containing the I.S. Lowry ballet, A. Simpson Man. Society for Lowry devotees.

WEST GERMANY

Berlin. Deutsche Oper. Die Zauberflöte brings Gudrun Sailer, Helen Donath, Martti Tuvola and Gosta Winberg together. Der Fliegende Holländer has fine interpretations by Ingrid Balthold, Hartmut Welker and Gerit Brannert. Der Rosenkavalier stars Anna Tomowa-Sintow, Thea Kallmayer and Renée Fleming. Ariadne auf Naxos, conducted by Heinrich Hollnagel with Die Walküre, Anna Tomowa-Sintow, Carol Maloney and James King. (6-20 300)

Hamburg. Staatsoper. Don Carlos stars Natalia Troitskaya, Greta Bumbay, Giacomo Aragall, Patrick Raftery. Der Rosenkavalier has a strong cast with Judith Beckmann, Hildegard Hartwig, Helen Kwon and Kurt Mill. Der Fliegende Holländer completes the week with Eva-Maria Bundschuh, Helms Kruse and Harald Stamm. (6-20 31)

Frankfurt. Opera. Elektra, produced by Herbert Wetzsch, will have its

premiere this week. The cast includes Greta Bumbay in the title role, Amy Schlemmer, Jolanda Jones, William Cochrane and John Brochier. La Bohème has fine interpretations by Greta Bumbay, Helmut Hübner, Johannes Welch and Willem Workman. (6-20 300)

Covent Garden. Die Walküre is a resplendent production by Peter Hall, with Maria Furtwängler in the title role, Robert Hale, Robert Tear and Brian Dermody. The revival of the Wagnerian Zeffirelli production of Lucia di Lammermoor serves for the first London showings in the title role of Edita Grubisova, John Pritchard conducts, and the cast includes Lada Lina, Wilma Tucker, and Giorgio Surian. (6-20 300)

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NETHERLANDS

Amsterdam. Muziektheater. The Merckx Graham Dunsy company with Richard Dillgoer, Gertje Harbers, Persephone (Tim) 025 483. Arabesque. Schouwburg. Opera Forum conducted by Vittorio Patena, August Haltnayer conducting (Mon, Wed). (6-27 41)

Amsterdam. Schouwburg. The Scapino ballet company in Coppélia, with the Northern Philharmonic Orchestra under Ed Spanjaard (Mon). (6-23 21)

Amsterdam. Schouwburg. The Scapino ballet company in Coppélia, with the Northern Philharmonic Orchestra under Ed Spanjaard (Mon). (6-23 21)

NEW YORK

American Ballet Theatre (Lincoln Center Opera House). Spring season highlights include the world premiere of Mark Morris's *Deuce to the Seven*, with Tanya Sviridova, set to Virgil Thompson's score and Santo Loquasto's set, along with the new production of Galileo Peruzzi, photographed by Lucinda Massine and Raymond, photographed by 268-hill Baryshnikov after Papias. £22,000. Ends June 11.

ITALY

Milan. Teatro alla Scala. L'Elisir d'Amore in Andrea Roth Stammah's production, conducted by Giuseppe Patena, with Luciano Pavarotti, Maria McLaughlin, Gabriella Peroni and Claudio Desderi. (6-21 26)

Rome. Teatro dell'Opera. Sinfonia Sinfonica conducted by Giuseppe Patena, with Luciano Pavarotti, Maria McLaughlin, Gabriella Peroni and Claudio Desderi. (6-21 26)

Turin. Teatro Regio. Low-key production of Carmen (sung in French) by

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Anglo-Russian joint ballet production. The Moscow Classical Ballet is to tour Britain and the US in a new production of Swan Lake, staged by Asaf Messerer and Marina Semjonova of the Bolshoi Ballet Theatre and designed by Britain's Tim Goodchild, who designed the Northern Ballet Theatre's Lowry ballet, A Simple Man. The tour will open at the Teatro Royal Glasgow on July 9, and move to Manchester, Bristol, Southampton and London before travelling to the US.

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Tuesday April 19 1988

Dithering over space

NO ONE could argue that Britain has rushed into its decision, announced yesterday, to join an international manned space station planned for the 1990s. The US-led venture, formally proposed four years ago, has already elicited support from other leading West European nations. Britain, however, has held off until now from giving its backing. This was a result of the strong reservations about the commercial logic and expense of large international space schemes held by Mr Kenneth Clarke, the Trade and Industry Minister, and his government colleagues.

Britain's role in the space station amounts to a commitment to provide 250m over the 10-year lifetime of the programme, the same level of contribution as Belgium and Spain. The UK funding will be significantly less than that of West Germany, Italy and France, which are spending on the venture respectively seven, five and three times more than Britain. All this cash is being spent as part of Western Europe's planned outlay of \$2.5bn on Columbus, a laboratory and other space equipment that is to fit into the central US core of the space station. The total cost of the complete space-station system is estimated at about \$11bn, although this figure could well treble by the time the programme finishes.

Most of the UK's cash will be spent on a relatively small part of Columbus, a satellite to the polar platform which will take pictures of the Earth using a variety of sensors. These pictures could be commercially useful, for instance in indicating to farmers crop growth or pinpointing mineral deposits for oil companies. Britain appears to have been content to picture the Earth using a variety of sensors. These pictures could be commercially useful, for instance in indicating to farmers crop growth or pinpointing mineral deposits for oil companies. Britain appears to have been content to picture the Earth using a variety of sensors. These pictures could be commercially useful, for instance in indicating to farmers crop growth or pinpointing mineral deposits for oil companies.

Most important question

The most important question, in the light of yesterday's announcement, is why Britain has taken so long to put this relatively meagre amount of cash on the table. The country identified the polar platform as a commercially fruitful part of Columbus. It informed its

West European partners it wanted to play the lead role in the platform. Then came a turnaround in space policy, ushered in by Mr Clarke, when Britain decided it was not interested. Mr Clarke went on to raise doubts about the whole idea of European space collaboration, referring to pan-European space schemes as expensive frolics. The latest act in this drama is Mr Clarke's new decision that Columbus and the polar platform are not so bad after all.

Overlapping scheme

This point is reinforced by the decision, also announced yesterday, not to proceed with the planned UK involvement with Canada's Radarsat remote-sensing programme. This is a scheme to produce another earth-observation satellite for the 1990s. To some degree it overlaps with Columbus. Until a few weeks ago, Canada had been confident that Britain would participate in the programme, on which the two countries have been working since 1982.

Collaborative ventures in space are expensive as well as glamorous and the British government is right to ask searching questions about objectives and value for money. Clear distinctions also need to be made between the pursuit of scientific knowledge - where space exploration has to compete against other lines of research, since the UK cannot afford to do everything - and "infant industry" support, where an injection of public funds can help to speed the transition to full commercialisation by the private sector. The recent hesitation over space policy suggests that the mechanisms for making these choices are faulty.

Denmark's threat to Nato

SINCE 1982 the Danish Folketing (parliament) has had not one but two majorities for siding with the non-socialist coalition Government for economic policy, and a second, left-centre majority against the Government on defence and foreign policy. This has offered an irresistible temptation to the largest opposition party, the Social Democrats, to play politics with foreign policy issues in the hope of tripping up Prime Minister Poul Schlüter's Government - Denmark's allies being expected to understand that such political games are rarely for domestic consumption.

But Mr Svend Auken, since autumn the leader of the Social Democrats, has now pushed the party's luck to a point at which Denmark's membership of Nato is at risk. Together with two left-wing parties he is pushing for Denmark's membership of Nato, and a centre party, the Radical Liberals, which has a long pacifist tradition, Mr Auken last Thursday secured a majority for a resolution calling on the Government to inform visiting naval vessels that Denmark does not in peacetime accept nuclear weapons in its territories (which include the Faroe Islands and Greenland).

As such, this has been Denmark's policy since 1959, but successive governments have avoided a conflict over visiting naval vessels by stating that they "assume" visiting vessels respect Danish policy.

Mr Auken's own party continues to insist that it is a loyal supporter of Nato, but in contacts with British and US diplomats Mr Auken was informed that the policy prescribed by Thursday's resolution would be unacceptable, since it conflicted with the longstanding Anglo-American principle of not revealing which warships do or do not carry nuclear weapons.

Baltic entrance

Although the Folketing resolution stops short of calling for guarantees from visiting naval vessels, as New Zealand did two years ago, the implications of the resolution are just as serious for Denmark and more serious for Nato than New Zealand's stance. Denmark's geographical position,

guarding the entrance to the Baltic, makes it far more important to western defence than New Zealand.

The first apparent consequence of the resolution, if it is implemented, is that naval vessels from the US and the UK will not visit Danish ports. If allied ships cannot enter Danish ports, allied reinforcements will not be able to come to Denmark's assistance, and in this case there would be little meaning in Denmark's continued membership of Nato, or at any rate of its military structure.

Mr Auken has also put the Norwegian Labour Government on the spot, as the Danish step will encourage the restive nationalists in Prime Minister Gro Harlem Brundtland's party to call for the adoption by Norway of the Danish formula. The Norwegian Defence Minister, who visited Denmark recently, specifically urged the Danish Social Democrats not to make this move.

Parallel situation

Mr Schlüter was faced with a parallel situation in 1986, when the Social Democrats, although ostensibly a pro-European Community party, mobilised the left-centre majority to block approval of the Single European Act. On that occasion Mr Schlüter called their bluff by submitting the issue to a referendum, which he won. Within the next few days, Mr Schlüter will tell the Folketing what conclusions he has drawn from the Government's stance on Thursday and from his consultations with the Nato allies. It is expected that he will call a general election for mid-May, giving the voters an opportunity to choose between his own firm pro-Nato policies and the neo-neutralist position into which the Social Democrats, who took Denmark into Nato in 1949, have drifted.

But although according to opinion polls Nato membership enjoys strong support, in a general election some, perhaps many, voters would give priority to other issues. A new referendum would give a clearer answer, and Mr Schlüter would be better advised to repeat his stratagem of two years ago.

Alice Rawsthorn examines challenges facing UK furniture makers as they emerge from years of recession

Awakening may be rude for some

WITHIN a week the builders will move out and Hillsdown Holdings will move into its new furniture factory in Scunthorpe, Humberside. Meanwhile, Spring Ram has just started work at its new kitchen plant in the same town.

Such a picture is far from typical of British furniture manufacturers as a whole. While Hillsdown and Spring Ram rise to respond to the buoyant level of demand for furniture in Britain, the tiny enterprises which make up the bulk of the industry are struggling to stay in business.

As Hillsdown and Spring Ram have discovered, the market's buoyancy has created an unprecedented opportunity for British furniture makers. But if the industry as a whole is to exploit that opportunity, it must overcome the structural problems which have dogged it for decades.

Furniture, like so many other areas of manufacturing industry, suffered in the early 1980s from the parallel problems of a slump in consumer spending and a surge in imports. Hundreds of furniture manufacturers folded in the earlier part of the decade and thousands of jobs were lost. The smaller companies bore the brunt of the recession, but few of the larger concerns emerged unscathed. Christie Tyler, now owned by Hillsdown, and Gomme, then the owner of G-Plan, lurched into losses. Hygma, since rescued, went into receivership.

The slump in consumer spending is easily explained: an expensive purchase like a three-piece suite is one of the easiest to postpone when economic confidence ebbs. But the surge in imports is more difficult to explain.

In theory British manufacturers should not be troubled by imports of furniture, which is big, bulky and expensive to transport especially as the levels of skill and automation involved in the production process are relatively low.

Nevertheless the rate of import growth accelerated in the late 1970s until, in 1979, the value of imports matched that of exports for the first time. The reason was that the British industry - still a "cottage industry" of family concerns - failed to respond to the emergence of the giant multiple groups as the dominant force in furniture retailing.

The manufacturing industry was structured to supply the small, independent retailers which have been supplanted in the high street by the multiples. To businesses like Harris Queensway, MFI and Habitat the quality of British furniture was poor, delivery too slow and design deplorable.

From the 1970s onwards, the multiple furniture retailers have been those which have built up their businesses specifically to service the mil-

the most fertile area of the furniture market to their foreign competitors, compounding the problems posed by the early-1980s drop in consumer spending.

Now the days of cuts and closures are over. The furniture industry is composed of about 3,000 businesses employing 80,000 people. The companies range from Christie Tyler, with a workforce of more than 4,000 in huge production plants, to small sweatshops in the inner cities. The industry is still "cottage" in character. Some companies are composed of one enterprising individual; most manufacturers employ no more than 20 people.

The furniture makers emerged from the recession to find a fertile marketplace. Consumer spending on furniture is still comparatively low - the average household spends twice as much on cigarettes - but the level has risen rapidly in the past year or so.

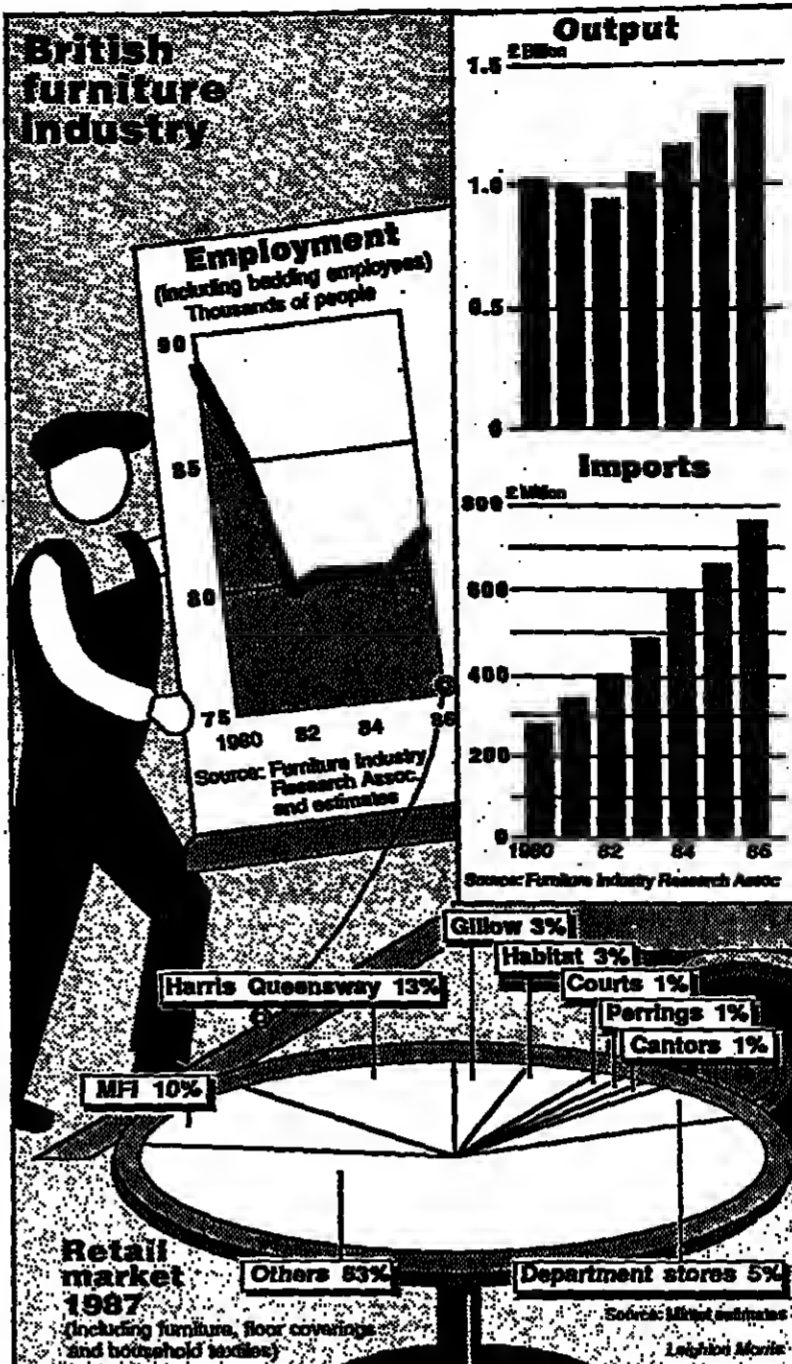
Moreover, many of the multiple groups are buying more British

UK furniture-making was structured to supply small, independent retailers, since supplanted in the high street by the multiples. To the newcomers the quality was poor, delivery slow and design deplorable.

goods. Ten years ago MFI sourced only 25 per cent of its furniture in Britain; today that proportion has risen to 80 per cent. Harris Queensway has also increased its input from domestic manufacturers. At the upper end of the market, the Couran Shop - the Storehouse subsidiary which specialises in contemporary design - buys more furniture from Britain.

Mr Roger Polder, chief executive of Harris Queensway, says the "quality and efficiency" of British manufacturers has improved dramatically. Mr Craig Allen, the Couran Shop's furniture buyer, says British companies have become much more aware of the importance of good design.

Many of the successful furniture makers of recent years have been those which have built up their businesses specifically to service the mil-



These stories of import substitution and ambitious expansion plans might suggest that the furniture industry has at last thrown off the lethargy which plagued it in the 1970s. But this would be misleading. A glance at the import figures shows the extent of the industry's problems. Despite the fact that the multiples are sourcing more merchandise in Britain, import penetration has continued to rise. Eight years ago the industry won when the value of imports equalled that of exports. Today imports are worth twice as much as exports. In the six years to 1986 the value of output from the British furniture rose by less than a third, yet the value of imports more than doubled.

Why have so many furniture companies missed the opportunities of recent years?

One reason is the cost of new equipment to increase capacity. This problem is particularly acute in the area of cabinet making, or wooden furniture production. Mr David Freeland, director of the British Furniture Manufacturers Federation, says that, after the traumas of the recession, companies were "far too cautious" to invest in increased capacity. As a result there is now a shortage of domestic production within cabinet making and the influx of imports has accelerated.

Moreover, so much cabinet capacity was lost in the cuts and closures

of the early 1980s that some has never been replaced. The fitted kitchen and bedroom sectors, for example, still suffer from a shortage of chipboard and timber doors.

There are exceptions among the traditional manufacturers. G-Plan intends to increase its cabinet capacity alone by 20 per cent within the next year. Similarly Parker Knoll envisages increasing output.

Capital is less of a problem in the upholstered furniture field where the production process is more labour intensive. The low cost of entry has enabled new companies to move into upholstery in the 1980s, capacity has increased and import penetration is comparatively low.

In the short term the progress of upholstered furniture firms is inhibited by the doubts created by the Government's new regulations on furniture flammability. When the new rules are introduced next spring furniture will become safer but more expensive. However, British firms should benefit, given that many overseas manufacturers may be unable to meet the new requirements.

In the meantime, the upholstered industry is in a state of confusion and uncertainty. Some retailers report that consumers are now frightened of buying "fire-trap" furniture. Others say there has been a rush to snap up three-piece suites before prices go up.

One of the principal difficulties for the cabinet and upholstered sectors alike is the fragmented structure of the British industry. The prevalence of small companies and the tradition of family ownership has created, in the words of Mr Leo Collins, head of marketing at the Furniture Industry Research Association, "a very, very sleepy industry." For every furniture firm which lacks the funds to finance expansion, there is another which does not wish to grow beyond a certain size.

One such company is Ercol. It is a flourishing business in hand-crafted wooden furniture with a workforce of 750 at its factory in High Wycombe, Bucks, and is still in the hands of the Ercolans, the founding family. There is scope for expansion but, according to Mr Barry Ercolani, the family is concerned that the character of the company might suffer if Ercol becomes big.

There are many other companies which, like Ercol, are unwilling rather than unable to expand. The experience of Marks and Spencer a few years ago, when it was preparing to enter the furniture field, is instructive. Initially the company found it difficult to persuade established manufacturers to supply its new venture. It has since built up a successful furniture business and the manufacturers which were prepared to support it have shared in that success, as the Hillsdown development in North Wales demonstrates. The rest of the industry has been left to rue the loss of yet another opportunity.

However, the overriding problem for the furniture manufacturers is that they are beleaguered by the poor productivity which hampers so much of British industry. A recent comparative study into kitchen cabinet production by the National Institute of Economic and Social Research, found that the productivity achieved by some West German manufacturers is twice that of their British counterparts.

Perhaps the most worrying aspect of the study is that this lack of competitiveness is not restricted to the smallest, sleeper elements of the British industry. One of the manufacturers singled out for underlining comparison with the West Germans was Spring Ram, which is generally regarded as a success, if only when compared with other British companies.

New space in Europe

There seem to be two rules of thumb in commenting on Margaret Thatcher and her approach towards Europe and the wider world. One is that you attack her for demanding too much. The second is that she is too much. You attack her again for having backed down and given too much away.

Three recent examples come to mind. In February she accepted a settlement of the problems of financing the agreement over the 1990s in the European Community that fell short of her original position. One gain for everyone was that there stopped being a crisis in the European Community.

At the Nato summit in Brussels last month there was a pretty firm statement on the need for the Atlantic Alliance to keep up its guard. The British Prime Minister was then attacked at home because the statement was not quite as hawkish as she might have liked. Again the result had been a harmonious meeting.

Yesterday the British Government announced that it would participate after all in the Columbus project of the European Space Agency, something which had seemed improbable judging by British statements over the last few months. The project provides for information via radar and satellite technology in such areas as crop developments, weather patterns, shipping movements and mineral deposits. The cost to Britain will be £250m over 10 years. The Government had said initially that that was too much and that the ESA was inefficient.

In fact, the questioning British approach to almost certainly meant that Columbus will be better managed, and an acceptable compromise has been reached. The British Government can expect little credit, however, and the fault lies partly with the Prime Minister. She has based her reputation so much on being a conviction politician that she does not know how to present the

OBSERVER

politics of compromise. Yet oddly enough, at least in foreign affairs, the compromise is what she has become very good at.

Tea on the rocks

Reference Fox, chairman of Irwings East of Greenwich, Connecticut, has brought part of his company's collection of antique tea caddies over for a new exhibition at Asprey, the jewellers, in New Bond Street.

The caddy, from the Malaysian island of Sumatra, is a highly collectible item. Asprey is exhibiting one set made by Paul de Lamenais in the region of £200,000. It has just been sold.

For himself he has a tea set made of silver, poured over a silver spoon on to ice cubes in a glass. "They know how to make it at the Ritz," he says.

Lord Young's show

Lord Young, Britain's Trade and Industry Secretary, may be under pressure from the Treasury and the Commons Public Accounts Committee to curb his department's advertising and promotion budget. But no such niggling was allowed to spoil the multi-media extravaganza on Europe 1992 which he hosted at London's Lancaster House yesterday.

The invited audience of 140 business leaders, crammed into a room bristling with high-tech audiovisual gadgetry, sat through a 3½ hour session which included showings of four videos and a live television link-up with a doleful-looking Viscount Etienne Davignon, managing director of Belgium's Sociéte Générale, in Brussels.

Peter Hobday, presenter of Radio 4's Today programme, was master of ceremonies and upheld the BBC's standards of probing journalism in recorded interviews with top Britons in Brus-



"It's a French double-glazing salesman."

sels. Fixing Sir David Hanvey, UK ambassador to the European Community, with a beady eye, he asked: "Would it be an overstatement to say that the Prime Minister's role in all this has been pivotal?" When Mrs Thatcher herself swept on to the platform, a voice at the back of the room said: "Arise, Sir Peter."

It was not only the Prime Minister's speech, the 30 second oration which followed it and the presence of three of her ministers which suggested a Tory Party conference. Stage management was well up to Central Office standards. Questions from the floor had been selected in advance and most of the panelists answered them, including Lynda Chalker, Minister of State at the Foreign Office, read their replies from prepared scripts.

It was left to Robert Maxwell, of all people, to raise the matter of Britain's intentions towards the European Monetary System. Viscount Davignon observed that, unless sterling became a full member, the chances of creating the free market in financial services which Britain

Indian summer

"There couldn't be a better way to bring together so many ministers and senior people in such a friendly atmosphere," observed Sir David Goodall, the British High Commissioner in New Delhi, as the High Commission best local politicians in their annual cricket match last weekend.

The Indian captain was Madhavro Sridhar, Minister of State for Railways and educated at Winchester and New College, Oxford. Another Oxford man was the former Indian test cricketer Aabhas Ali Beg, who topped the scoring with 47. Lord Glenarthur, a junior minister at the British Foreign Office, was there to watch.

The UK won with 175 runs in the permitted thirty overs a side against India's 158 for 11, each team batting 12 players to accommodate all who turned up. But the victory was not due to British diplomats' sporting skills. The men of the match were two Delhi-based Indian businessmen, Ajay Malik and Sobal Charvia, prominent members of the British team, who took nine of the wickets.

It was all very good for Anglo-Indian relations, which had been going through a sticky patch.

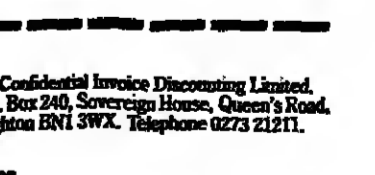
Golden nose

The reader in Bath who wrote that he had given up his job as a maker of nose drops and gone over to producing litter pickers (Observer April 7) has had plenty of attention since. The local press and the BBC have been on his tracks.

A reader in Riyadh, however, suggests that he should have been even more enterprising, drawn on his previous experience and started a line in de luxe nose pickers. The strong implication is that there is a market in Saudi Arabia. In gold, of course.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Tuesday April 19 1988

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ASSET DISPOSALS AND TAX BENEFITS PROVIDE ONE-TIME GAINS FOR US BANK GROUP

Chase doubles earnings to \$277m

BY ANATOLE KALETSKY IN NEW YORK

CHASE MANHATTAN, the second largest US bank group, more than doubled its reported profits in the first quarter, although its underlying net income, excluding special items, increased by a more moderate 23 per cent.

The group's consolidated net income was \$277m or \$3.09 a share, compared with \$104m or \$1.12 in the first quarter of 1987. However, most of the improvement was due to one-time gains from asset disposals and tax benefits.

As previously reported, Chase had a \$61m after-tax gain from the sale of Interactive Data Corporation, a securities information subsidiary, a \$52m gain from the sale of an office building in Paris and a \$40m tax benefit connected with Third World loan provisions taken last year.

Excluding these special items, net income in the latest quarter would have been \$116m. Chase said. In the first quarter of 1987, the bank recorded a one-time net gain of \$9m on the sale of a factoring subsidiary in Belgium. As a result, its underlying net income increased to \$116m from \$95m, an advance of just under 23 per cent.

HCA rises 15% as new strategy pays off

By James Suchan in New York

HOSPITAL CORPORATION OF America, the big US hospital management chain, yesterday revealed the first benefits of a full-scale restructuring, with a 15 per cent rise in earnings in the first quarter of this year.

Genentech advances to \$15m on strong rise in Activase use

BY OUR SAN FRANCISCO CORRESPONDENT

GENENTECH, the US genetic engineering company which last year introduced a major new drug for the treatment of heart attacks, has reported first-quarter earnings of \$15.2m or 18 cents per share, up from \$12m or 9 cents per share in the same period last year. Sales rose to \$74.4m, from \$68.6m.

Genentech said that its sales and earnings growth was in large part due to "strong physician support" for its new drug, called Activase, or tPA (Tissue Plasminogen Activator). At the beginning of the quarter, approximately 1,000 patients per week were receiving Activase for the treatment of heart attacks.

Since its introduction, Activase has, however, been at the centre of a controversy in the US over the cost of treatment of heart attack victims. It costs about \$2,000 a dose, far more than alternative drugs. Federal administrators of the Medicare system, which pays for medical care for the elderly and poor, said recently that they will not increase the payments they make to hospitals treating heart attack patients, despite the increased costs if Activase is administered.

Sears posts sharp fall in net income to \$179m

By Deborah Hargreaves in Chicago

SEARS ROEBUCK, the US's largest retailer, reported a significant drop in first-quarter income yesterday, largely due to a poor quarter in its merchandise and insurance divisions. Net income declined to \$179.5m or 47 cents a share from \$287.9m or 75 cents a share in the same 1987 period.

Apple Computer surges 135% in second quarter

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE COMPUTER, the California-based personal computer manufacturer, has begun to reap the rewards of its efforts to crack open the business personal computer market dominated by IBM and IBM-compatible personal computer makers.

The company yesterday reported a dramatic rise in sales and profits for the second quarter ended April 1. Revenues grew 61 per cent, producing a 135 per cent increase in net income.

Apple is succeeding in business markets, said Mr Delbert W. Yocum, Apple's chief operating officer. "Acceptance for Macintosh products continues to increase on a worldwide basis. Our customer base is broadening to include corporate, technical and large systems users."

Pirelli buys Armstrong Tires

BY ALAN FRIEDMAN IN NEW YORK

PIRELLI of Italy said it had agreed to pay \$190m to acquire Armstrong Tires of New Haven, Connecticut. The Milan-based group, which makes tires, meanwhile, asked Italian and Swiss stock market authorities to suspend trading in its shares, ahead of a major group reorganisation that is to be unveiled today.

Enichem and Montedison to open talks

BY JOHN WYLES IN ROME

ENICHEM, the Italian publicly owned chemicals manufacturer, and Montedison are to start detailed negotiations on merging their basic chemicals operations on the basis of a proposal from the state company.

Kraft remains optimistic despite decline to \$118m

BY OUR FINANCIAL STAFF

KRAFT, the big US processed foods group, reported lower first-quarter profits yesterday but said it still expected to have a very good year and was generally on track with its corporate plan.

BF Goodrich lifted sharply by PVC demand

By Our Financial Staff

B.F. GOODRICH, the US chemicals and aerospace group which recently announced it was pulling out of tyre-making, reported first-quarter net income of \$49.9m or \$1.23 a share, up sharply from \$38.8m or 97 cents.

AT&T chief James Olson dies aged 62

By Our New York Staff

MR JAMES OLSON, under whose leadership American Telephone and Telegraph was beginning to benefit from the deregulation of the US telephone system, died yesterday after a short illness.

Bundesbank on-line with world network

BY HAIG SHIBOMIAN IN FRANKFURT

FOR YEARS West Germany has been trying to prevent the D-Mark from becoming a de facto international reserve currency - a task it has pursued with mixed results in view of the Bundesbank's latest annual report, published last week, which showed that D-Mark holdings now account for 14 per cent of world currency reserves.

Motorola enters expanding Risc market

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

MOTOROLA, the US's largest semiconductor manufacturer, made its long-expected entry into the rapidly expanding field of reduced instruction microprocessors yesterday, with products aimed at a broad range of medium-sized computers.

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SBCI Swiss Bank Corporation
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Taiheyo Europe Limited
Union Bank of Switzerland (Securities) Limited

INTL. COMPANIES AND FINANCE

Singapore tax move under fire from unit trusts

BY ROGER MATTHEWS IN SINGAPORE

UNIT TRUST managers in Singapore are appealing to the Government to amend new tax provisions...

In his budget statement, Dr Richard Hu, the Minister of Finance, announced that from April 1 investment holding companies and unit trusts could elect to have their profits from dealings in shares or other marketable securities taxed according to a schedule based on the length of time they had been held.

Up to six months, the effective corporate tax rate would be 38 per cent, declining to zero for periods over 18 months.

"I think that the Government has failed to appreciate the difference between an investment trust and a unit trust," a fund manager commented yesterday.

In other major financial capitals it is the individual unit trust holder who is responsible for tax liability on capital gains.

example, as a result of redemptions or a sharp fall in the market, such as last October.

"On the basis now introduced by the Government, it would make it impossible for the unit trusts to quote accurate prices, because of the tax element," said a broker.

Dr Hu said in his budget speech that the proposals should lead to a more vibrant domestic fund management industry.

Dr Hu said in his budget speech that the proposals should lead to a more vibrant domestic fund management industry.

S African rejigs for BAT and ABB

By Jim Jones in Johannesburg

TWO MAJOR European companies, BAT Industries and the Ases Brown Boveri (ABB) group, are distancing themselves from South Africa, though not directly divesting.

BAT, the British tobacco group, is to re-acquire its Benson & Hedges and John Player Special cigarette brand trade marks from Utico, its 65.6 per cent-owned South African subsidiary.

The acquisition is to be financed by the declaration of a special dividend from Utico's retained earnings.

BAT says the move is part of its worldwide policy of centralising ownership of its international trade marks.

Brown Boveri, the Swiss half of the Swedish-Swiss electrical engineering group, has merged its R120m turnover South African subsidiary with Ases Electric South Africa, which is part of the ABB group and has sales of R160m.

Rand gold mines in overall loss

BY OUR JOHANNESBURG CORRESPONDENT

AN UNCHANGED rand gold price and lower production pushed the four producing gold mines managed by Rand Mines into a combined overall net loss in the 1988 March quarter.

However, Mr Olive Knobel, the chairman of the group's gold division, expects an improvement in the current quarter.

Harmony, the largest of the group's mines, cut its gold recovery grade to 2.98 grams per tonne (g/t) from 2.96 g/t in 1987's December quarter.

Harmony, the largest of the group's mines, cut its gold recovery grade to 2.98 grams per tonne (g/t) from 2.96 g/t in 1987's December quarter.

The mine has soon to take a decision on expanding operations into virgin areas but is deterred by the financial problems experienced by ERPM during its expansion.

Ryegroodricht's recovery grade continued to fall, production fell and costs increased as operations centred increasingly on the remaining ore in the lower-grade and heavily faulted western section of the mine.

Barbrook, which is developing a new mine in the Eastern Transvaal, has increased its underground development rate and expects to process 35,000 tonnes of ore a month in 1989.

RAND MINES QUARTERLY RESULTS

Table with 4 columns: Quarter ended, Gold output (t), After-tax profit (Rm), Earnings p/shr (cents). Rows include Blyvooruitzicht, Durban Deep, ERPM, Harmony.

Earnings per share calculated after capital expenditure. Figures in parentheses are negative. ERPM made after-tax losses in both quarters.

Better recovery grades lift Golden Dumps

BY OUR JOHANNESBURG CORRESPONDENT

CONSOLIDATED Modderfontein and South Roodepoort, the two gold mines managed by the Golden Dumps group, suffered from static rand gold prices in this year's March quarter but lifted working profits by raising gold recovery grades.

Both mines are faced with additional tax liabilities following the introduction of the new Minimum Tax on Companies in the March budget.

small drop in mill tonnage. Cons Modder reversed its steady decline in recovery grades.

The mine's engineer says costs will be contained by a temporary closure of one of the shafts as ore production can be maintained through the other shafts.

GOLDEN DUMPS QUARTERLIES

Table with 4 columns: Quarter ended, Gold output (t), After-tax profit (Rm), Earnings p/shr (cents). Rows include Cons Modder, South Road.

Notes: Earnings are calculated after capital expenditure. Both mines' capital spending exceeded total profit in the March and December quarters. Figures in parentheses are negative.

Scrip issue by Sophus Berendsen

SOPHUS BERENDSEN, the Danish company which controls Bankol, the UK company specialising in pest control, plans a one-for-five scrip issue, despite a decline in group net earnings, after tax and minority interests.

from DKr148m to DKr133m (\$20.8m) for 1987, Hilary Barnes reports from Copenhagen.

Sales for the year increased by 7 per cent to DKr3.5m and Bankol's profits were up by 27 per cent to DKr62m.

Baltica Holding, which is the parent company of Denmark's biggest insurance group, has bought Falck Reensse Corps, the Danish ambulance, vehicle rescue and fire services group, for DKr300m.

The deal is conditional on Falck not receiving a better offer from other investors before the end of May.

SOUTHERN FRANCE AND THE RIVIERA

The Financial Times proposes to publish this survey on: 6th June 1988. For a full editorial synopsis and advertisement details, please contact: Patrick Scridge on 01-268 2898 ext 3426 or write to her at: Brackton House, 10 Cannon Street, London, EC4A 3DF.

FINANCIAL TIMES

Beneco Central de Costa Rica U.S. Dollars Floating Rate Social Notes due 1988-1992. For the period 15th April, 1988 to 17th October, 1988 the Notes will carry an interest rate of 8 1/2% per annum.

US\$100,000,000 MARINE MIDLAND BANKS, INC FLOATING RATE SUBORDINATED CAPITAL NOTES due 1999. JAMES CAPEL BANKERS LIMITED INTEREST DETERMINATION AGENT.

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JULIAN L. KEMP INTERNATIONAL MANAGEMENT CONSULTANT is pleased to have advised the DMC Textile Group, France, on their recent acquisition of Donisthorpe & Co. Ltd., Leicester.

NEW ISSUE

This announcement appears as a matter of record only.

April, 1988



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NEW ISSUE

This announcement appears as a matter of record only.

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ISSUE PRICE: 101 1/4 PER CENT.

Daiwa Europe Limited

Sparbankernas Bank (SwedBank)

Security Pacific Hoare Govett Limited

Sumitomo Trust International Limited

This announcement appears as a matter of record only. The Fund has been authorized by Deliberation No. 061 of March 8, 1988 by the Comissão de Valores Mobiliários (the Brazilian Securities Commission).

NEW ISSUE

April 4, 1988

12,000,000 Shares

The Brazil Fund, Inc.

Common Stock (\$0.1 per share)

Scudder, Stevens & Clark, Inc.—Investment Manager.

The First Boston Corporation

Merrill Lynch Capital Markets

- List of financial institutions: Bear, Stearns & Co. Inc., Alex. Brown & Sons, Deutsche Bank Capital, Dillon, Read & Co. Inc., Donaldson, Lufkin & Jenrette, Drexel Burnham Lambert, Goldman, Sachs & Co., Hambrecht & Quist, Kidder, Peabody & Co., Lazard Frères & Co., Montgomery Securities, Morgan Stanley & Co., PaineWebber Incorporated, Prudential-Bache Capital Funding, Robertson, Colman & Stephens, L.F. Rothschild & Co., Salomon Brothers Inc., Shearson Lehman Hutton Inc., Smith Barney, Harris Upham & Co., SBCI Swiss Bank Corporation, UBS Securities Inc., S.G. Warburg Securities, Wertheim Schroder & Co., Dean Witter Capital Markets, Allen & Company, A. G. Edwards & Sons, Inc., Oppenheimer & Co., Inc.

INTL. COMPANIES AND FINANCE

Swiss lawyer blows wind of change

ALTHOUGH BY nature one of the most private of men, Mr Tito Tettamanti, the Lugano lawyer, has rarely been out of the headlines in the past few months.

John Wicks on Tito Tettamanti's rapid rise to corporate stardom

Last October he became known as the man behind the acquisition of a substantial stake in Sulzer Brothers, Switzerland's third biggest engineering company. Last month, he unexpectedly took over control of Adolph Saurer, another big name in the country's machine building industry.

his opinions was brushed off by the Sulzer board a year ago, before the acrimonious dispute about the share purchases began. Yet he feels his efforts have not been in vain. "I believe in the power of ideas," Mr Tettamanti explains. "The management has been sensitised."



Tito Tettamanti believes in power of ideas

It might seem at first glance as though the Sulzer episode is closed. Two weeks ago, Mr Werner Rey's Omni Holding purchased 20 per cent of the Sulzer voting capital from a syndicate of shareholders headed by Mr Tettamanti.

He also seems to have bargained hard in the deal with Omni: the price per share was naturally far below the pre-crash price of SF2,500 but noticeably higher than the SF1,900 Sulzer had offered in March. (Mr Tettamanti had bought shares at between SF2,500 and more than SF4,000.)

With strong minded men like himself and Mr Rey among Sulzer's leading shareholders, it seems likely that strategic changes lie ahead in Winterthur. Indeed, Sulzer has long been heralding a move in this direction, particularly by advertising that it was searching for an "industrial partner."

market being introduced by the European Community in 1992. Saurer is just emerging from a phase of radical restructuring, and returned to profit only last year with modest net earnings of SF300,000 (\$365,000). For Mr Tettamanti, Saurer, like Sulzer before it, was undervalued.

Asked whether he might be prepared to act as the white knight for other companies in a similar situation, he replies: "Why not? But not without approval of the board."

A firm believer in entrepreneurial values, Mr Tettamanti also has plans for his other interests. Most of these are centred around the Fidnam group, which he founded in Lugano in 1980 and which is now one of Switzerland's leading trust companies.

The group might, he says, be expanded to include new services although he stresses it will not buy the 25 per cent stake in the voting capital of Banca della Svizzera Italiana, which owns a 34 per cent minority participation in Fidnam, from Irving Trust, of New York.

Even though he turned down a seat on the board last month, offered as part of an unsuccessful attempt by Sulzer to get him to sell part of the syndicate's stock to a group of "approved investors," he intends to remain an active shareholder.

The Saurer deal was also an important one for Mr Tettamanti, which makes him the second largest shareholder after Mr Rey with his 20 per cent, and ahead of Mr Jacob Schmidheiny, another industrialist, who owns about 5 per cent.

will not, after all, be the industrial partner foreseen by the Sulzer board. Could Mr Tettamanti, who has important business interests in America, help Sulzer find the US partner which the company says it wants? "They haven't asked me, but I'd be more than glad," he replies.

As to Fidnam's own North American activities, Mr Tettamanti says it has for the time being stopped buying real estate in view of the state of the US office property market.

He is, however, satisfied with the reorganisation of Alégis, the holding company for United Airlines, in which he participated as a minority shareholder through an affiliate, Coniston Partners.

"A lot has still to be done, but concentrating efforts on United Airlines will make the company more profitable," Mr Tettamanti says.

In respect of a writ issued by Gillette of the US against a number of defendants, including himself and Coniston Partners, in connection with alleged takeover transactions, Mr Tettamanti shrugs the matter off as a "completely groundless manoeuvre."

He did, however, feel that some things could be changed for the better in the company, the group profits of which have not yet returned to 1977 levels. Mr Tettamanti's first attempt to present

While Mr Tettamanti says he might have bought the Saurer stake even without his interest in Sulzer, there is a definite connection between the two.

The company, which is based in Arbon, intends to expand its industrial activities, while new operations in the services sector could also be added.

Mr Tettamanti feels strongly that Swiss companies need to start adjusting quickly to the future shape of their markets, especially in view of the single

Lending margins restrain BNP

BY GEORGE GRAHAM IN PARIS

BANQUE NATIONALE de Paris (BNP), the second largest French banking group, has reported a 6 per cent drop in profits last year to FF2,84bn (\$504m), excluding minorities.

because the improved financial health of most French companies led to a fall in provisions for specific customers. Provisions on BNP's portfolio investments, however, rose to FF894m from FF789m in 1986, as a result of the fall in market values of bond and equity holdings after the October crash.

NET PROFITS at Wagons-Lits, the Belgian rail, hotel, catering and leisure group, rose by nearly 27 per cent last year on turnover up by 9.3 per cent to BFR65.5bn (\$1.8bn), writes William Dawkins in Brussels.

Duty-free shops lift Wagons-Lits

BY WILLIAM DAWKINS IN BRUSSELS

The BNP chairman was notably less outspoken than his competitor at Credit Lyonnais, Mr Jean-Maxime Leveque, over prospects for privatising his bank.

He said he hoped for a progressive and partial opening up of the bank's capital, first by giving voting rights to its certificates of investment, then through a partial sale of the state's shares, and subsequently through a capital increase in which the state would not take up its rights.

Olivetti gains control of Scanvest-Ring

By Alan Friedman in Milan

OLIVETTI, THE Italian office automation group, is buying majority control of Scanvest-Ring, the Norwegian manufacturer and distributor of integrated data processing systems.

French ban on Ferruzzi owning St Louis shares

BY OUR PARIS STAFF

FERRUZZI, THE Italian foods group which controls Beghin-Say, France's leading sugar producer, has been banned by the French Government from owning shares in St Louis, the second largest sugar company, for five years.

ministries will oblige it to shed entirely its holding. Beghin-Say and St Louis together control about 75 per cent of household sugar sales in France and about 40 per cent of industrial sugar sales.

However, the ruling comes too late to save St Louis, which was forced in February to sell Lesieur, its cooking oils subsidiary, to Ferruzzi in return for the Italian group's promise to sell back to friendly shareholders the 13.8 per cent stake it had built up in St Louis.

The ruling represents one of the first actions to emanate from the new competition council created last year to watch over competitive abuses and industrial concentrations.

Ferruzzi's pledge was only to reduce its stake below 10 per cent, and the joint ruling by the French finance and agriculture

The council, which was asked to investigate the St Louis case last November after an appeal from the besieged company to the Finance Minister, delivered its opinion to the minister last month.

Finnish plastics takeover

BY OLLI VIRTANEN IN HELSINKI

UPONOR, THE Finnish plastic pipe manufacturer, has bought a 70 per cent holding in Wirabo Bruk, the Swedish subsidiary of Outokumpu, Finland's state-owned base metals group.

Wirabo's turnover last year totalled about \$150m, of which 65 per cent consists of sales outside Sweden. Its main products, plastic pipes, will enhance Uponor's position as one of the leading manufacturers of plastic pipe systems in Europe. Other product lines include district heating systems, steel pipes and other metal products.

The deal, announced yesterday, includes an option for Uponor to acquire the remaining 30 per cent. The purchase price was not disclosed.

Moulinex returns to the black

BY OUR PARIS STAFF

MOULINEX, THE ailing French household equipment manufacturer, returned to the black last year with net profits of FF12m (\$2.1m), after a loss of FF228m the year before.

Exceptional restructuring charges fell to FF234m from FF450m in 1986.

Uncertainty over the company's future has also been reduced by a delayed management buyout plan agreed earlier this year by the company's founder, Mr Jean Mantelot, who until recently retained close control over the company through his 42 per cent stake.

The result surprised some of Moulinex's most enthusiastic supporters: the parent company, Moulinex SA, which has borne the brunt of the group's restructuring, reported a net loss of FF33m, just inside its forecast of a FF31.7m loss.

Moulinex improved its cash flow to FF194m from FF32m a year earlier, and also reduced its debt by 7 per cent. Stocks were cut by 15 per cent, in line with budget.

Mr Mantelot's stake, which carries a majority of voting rights, will be sold after his death to Mr Roland Darnean, Moulinex's new chairman, and to senior management colleagues.

After a difficult first half, when sales plunged as a result of retailers' resistance to Moulinex's sales policy of higher prices on a recentered product range, the group has begun to make headway in the market again.

Sales in this year's first quarter show an improvement of 27

DEN DANSKE BANK U.S. \$500,000,000 Eurocommercial Paper and Euro Certificate of Deposit Programme

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Korea Electric Power Corporation U.S. \$50,000,000 Floating Rate Notes due 1993

WORLD BANKING The Financial Times proposes to publish this survey on 18th May 1988


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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

US dollar insecurity spreads to all sectors

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE US dollar's latest fall from favour continued to cast its pall over the Eurobond market yesterday. Dollar weakness these days rarely seems to be reflected in an investor rush into bonds denominated in other currencies, particularly when the US Treasury bond market is weak, as it was yesterday.

"Insecurity has spread from the US dollar into all corners of the market," said one syndicate manager. An exchange of fire between US and Iranian warships in the Gulf did nothing to subside that nervousness. The battle was initially viewed as a "good thing" for the Treasury market as traders assumed that it would benefit from a flight to quality. Later, as the spot market price of crude oil shot up, dealers construed it as negative. Treasury bond prices ended the day in London about 1/4 points down on last Friday's levels.

INTERNATIONAL BONDS

This month it is possible that this issue could be supplemented by a further tranche next month, giving the issue the necessary liquidity for a benchmark. Yield spreads between Euroyen and the benchmark narrowed somewhat, with Euroyen prices falling up to 1/4 point at the longer end. Rumours abound of a number of further Euroyen issues this week, the favourites name at the moment being a sizeable issue for Italy.

Market bodies plan joint regulations

By Alexander Nicol, Eurorisk Editor

THE BODIES which oversee the primary and secondary Eurobond markets have formed a joint committee to draw up rules for the primary market designed to meet Britain's new regulatory framework. The Association of International Bond Dealers, which oversees secondary market trading, has been designated as an exchange in the UK structure. But the new issue process remains outside the regulatory net. Recommendations of the International Primary Market Association, of which issue managers are members, carry no legal force or penalties.

Richard Waters explains the new appeal of the Continent Accounting majors look to Europe

CHICAGO-BASED Arthur Andersen, the most American of the traditionally Anglo-American dominated international accountancy firms, is looking to Europe for its future. It intends to double the proportion of its fees that come from Europe, to 45 per cent by the mid-1990s - the most obvious sign yet of a geographical refocusing going on in all the big firms.

Plans for a free European internal market by 1992 have given extra impetus to this development. So did the merger last year of Peat Marwick and KMG to create a firm, now called EYMG, which stands head and shoulders above its rivals across the continent. Other accounting firms are planning, or putting into place, a series of national mergers across Europe to strengthen their positions, sometimes at the expense of smaller groups. But the relative infancy of the accountancy and management consultancy professions in some European countries has left big gaps - as well as the potential for rapid growth.

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accountancy profession. Two statistics make the point: Britain's biggest firm alone employs as many people as the top 10 in France. And there are more qualified accountants in the UK than in all the other EC countries put together.

Some of the smaller international accountancy groups are losing out in the process. BDO, Grant Thornton, Spicer & Oppenheim and Dunwoody Robson McGladrey & Pullen have all lost national firms to larger groups. But they insist that they have a future as independents.

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Credit Suisse grey market plan delayed

LEGAL DIFFICULTIES have delayed a plan by Credit Suisse to start grey market trading in Swiss franc bonds, a move which analysts have predicted would shake the Treasury market.

Mr Hans-Jörg Rudolf, head of new issues at Credit Suisse, said the bank had still not found a way of reconciling its plan to set up a Zurich with a 1912 cantonal law forbidding trading of bonds before the expiry of their subscription period.

possibilities and will leave no legal avenue unexplored." If Credit Suisse were unable to get approval in Zurich, Switzerland's largest financial centre, then it would still go ahead somewhere else in Switzerland, Mr Rudolf said. "But we would prefer to do it in Zurich," discussions are continuing both with the Zurich stock exchange and cantonal authorities.

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for country, issue name, amount, bid, offer, day, week, and yield. Includes sections for US Dollar, Yen, and Swiss Franc.

German public borrower goes offshore

BY HAIQ SIMONIAN IN FRANKFURT

TODAY'S EXPECTED DM300m issue for L&B Baden-Württemberg following the Bonn government's decision to impose a new withholding tax from 1988.

But the bond, likely to be led by Frankfurt's Birkhardt, has every sign of turning into a political hot potato.

Such bonds, which are already widely used by German banks and industrial groups, will escape the tax, while those from domestically-based borrowers will be affected. The discrepancy has put the spotlight on the borrowing

man state of Baden-Württemberg, is issuing a D-Mark bond through a foreign vehicle following the Bonn government's decision to impose a new withholding tax from 1988.

plans of public sector institutions, which have not until now borrowed offshore. Baden-Württemberg's decision to borrow offshore highlights embarrassing present split between the domestic and foreign markets. If today's deal comes, as expected, with a 6 per cent coupon, a 10-year maturity and an issue price of 100%, it will yield 5.88 per cent - 40 basis points below the Federal Post Office's

FT GUIDE TO WORLD CURRENCIES

Table showing exchange rates for various countries including USA, UK, West Germany, France, Switzerland, Japan, and others. Columns include country, unit, and rate.

TRADE IN DEPENDENCY CREDIT RISK MANAGEMENT SERVICES 01-739-9939

UK COMPANY NEWS

LIT to buy another Chicago broker

BY ALEXANDER NICOLL

LIT Holdings, the London-based futures and options brokerage group, is to buy Goldberg, one of Chicago's best-known brokerage firms, which suffered badly in October's markets turmoil.

LIT, formerly known as London Investment Trust, is paying \$24m (£13m) for Goldberger. But the latter's three top executives, Mr David and Mr Robert Goldberg and Mr John Ruth, stand to receive a total of \$16.5m over the next five years - on top of their aggregate \$500,000 annual salary - depending on combined group earnings in North America.

LIT, which raised £21.5m through a one-for-one rights issue in January, also announced plans

yesterday for a placing of partly-paid preference shares to raise an additional \$14.5m.

James Capel is handling the placing, which is intended not to finance the latest acquisition but future purchases. LIT recently acquired a new management team, with Mr John Botis, former Citicorp executive, as non-executive chairman. It has ambitious expansion plans on both sides of the Atlantic. Both transactions require shareholder approval.

LIT's Shatkin subsidiary is already the largest clearing member of the Chicago Board of Trade with a 10 per cent share and will see this rise to 18 per cent of cleared trades. It will have about

9 per cent of the Chicago Mercantile Exchange and the same share of the Chicago Board Options Exchange.

Goldberg is 97 per cent owned by the Goldberg brothers, floor traders who founded the partnership in 1960. It had shown annual increases in profit and revenues for some years but last year suffered a pre-tax loss of \$1.2m after making a \$3m provision for bad and doubtful debts from customers and other third parties.

The company was understood to have been for sale before the crash, but its October problems reduced its price considerably. The purchase price is roughly equal to book value.

Mr Michael Middlemas, LIT chief executive, said both Shatkin and Goldberg had traded satisfactorily since the crash though he noted that volume in the trading pits for securities-related contracts and options had dropped while currency contracts had been active.

Mr David Goldberg will join LIT's board, and will receive five-year warrants to buy 3m LIT shares at 25p each. He, Mr Robert Goldberg - a former CBOT chairman - and Mr Ruth will also join the board of LIT America, which will group the company's North American interests. LIT shares fell 1p to 21p.

Peek may launch bid for Dubilier

By Andrew HEN

Peek, electronics and technology company, is believed to be planning a bid for Dubilier International, valuing the electronic component manufacturer at more than £100m. An announcement may be made this morning.

Dubilier asked for its shares to be suspended yesterday afternoon at 17.00, up 14p. Peek shares put on 2p to close at 66p last night.

Mr Kenneth Mand, a South African industrialist, took control of Peek, then a shell company, in August 1986. He has made four strategic acquisitions since and three weeks ago announced record profits of £2.51m.

Dubilier surprised the City a month ago when it announced the £37m sale of Hewlett, its circuit protection subsidiary, to Cooper Industries, a US electrical and industrial manufacturer.

Cap shares rise

Shares in Cap Group rose a further 1p to 38p yesterday on news that Cap Gemini Societe has acquired another 2.57m shares, raising its stake from just under 15 per cent to 20.6 per cent.

Beazer extends Koppers offer and further extension likely

BY PHILIP COGGAN

Beazer, the UK housebuilding and construction group, yesterday extended once again its \$1.7m offer for Koppers, the US aggregates and chemicals group. The tender offer will now expire on Friday, April 22; however the chances are that it will have to be extended again.

RNS, the specially created company which Beazer is using as a vehicle for its bid, now has valid tenders for the offer in respect of just over 4m shares, 14 per cent

of the equity. It had already acquired a 7.3 per cent stake. Most of the action in the bid is taking place in the US courts. Three separate cases are currently being heard in three different states.

In California, Koppers has been granted a preliminary injunction against the bid on anti-trust grounds. Beazer's appeal will be heard on May 13.

In Pittsburgh, Pennsylvania, Koppers has also been granted an

injunction, pending certain disclosures by Beazer. The Beazer camp is preparing to submit information designed to satisfy the Pittsburgh court's findings.

Meanwhile in Delaware, Beazer is the plaintiff. The UK group is trying to nullify Koppers' "poison pill" defence. The judge is expected to give his opinion this week on the conditions that will need to be imposed if the "poison pill" provisions are lifted.

Baring covers eastern losses

BY MIKKI TAIT

Baring International Fund Managers is paying \$387,899 (£469,630) to China & Eastern Investment Company, a \$24m fund which was set up to invest primarily in China-related companies three years ago. The company is managed by BIFM, and the payment is to cover certain losses incurred at C & E during last October's collapse in world stock markets.

BIFM, part of the Baring merchant banking group, says the payment is to cover trading losses which "may have been caused by the exceeding of investment guidelines set out in the company's prospectus." Figures for the six months to end-January, released yesterday, show a net loss of \$1.9m from trading in

dealing investments. This figure is scored after adding back the BIFM payment, so the total loss was almost \$2.6m.

Mr John Bolsover, chairman of China & Eastern, explained yesterday that the losses arose from heavy investment in Hang Seng futures contracts. At the time of the crash, these amounted to just over 10 per cent of company assets. The initial investment guidelines stated that "not more than 7.5 per cent of the company's gross assets will be put into any one investment."

Mr Bolsover said it was not entirely clear whether "one investment" implied a single corporate investment, for example, or an entity like Hang Seng

futures. However, he added that a sub-committee of the board, had decided that there was a case for saying that the investment guidelines had been exceeded. Mr Jonathan Compton, who played a major role in the launch of the company and was responsible for these investments, has resigned.

Figures from C & E showed net asset value at \$1.4 per share by end-January, compared with \$1.25 a year earlier. At end-July, the figure was \$2.35. By end-January, liquidity had risen to \$2.2 per cent, although further investments in Hong Kong and Japan have reduced this to \$1.9 per cent by end-March. In the six-month period, there was a net loss before tax of \$1.73m.

Acquisitive EIS rises to £8.3m

BY ANDREW HILL

PROFITS AT EIS Group, diversified engineering company, rose by over 18 per cent to £8.3m before tax in the year to December 31, against £7m in 1986.

Flexibox International, fluid seal and power transmission coupling division, overcame adverse exchange rates and increased its pre-tax contribution to £2.8m (£2.4m) on sales of £23m (£23m). Aircraft and precision engineering raised profits to £2.5m (£2m) on turnover of £22m (£22m).

Interest receivable increased to nearly £1.1m (£817,000) as cash balances advanced to £1m to £12m, despite capital expenditure and the cost of financing sales growth, which together topped £11m. EIS also paid the final £1m instalment on the acquisition of Flexibox.

EIS has made five small acquisitions since the beginning of 1987. Mr Peter Haslehurst, chief executive, said the group was sharpening its teeth for further purchases in 1988.

Turnover was up to £87.9m (£79.5m). The tax charge rose from 36 per cent to 38 per cent, slightly checking growth in earnings per share which increased from 20.5p to 22.1p.

Operating profits at the process plant and machinery division were almost unchanged at £1.5m on sales up 2m to £22m. Mr Haslehurst said start-up and integration costs incurred at Flostaire and Airpel Filtration had held back profits growth, although the existing subsidiaries had performed well.

The company said orders, sales and pre-tax profits for the first quarter of 1988 were all ahead of the equivalent period to 1987.

A final dividend of 6.15p is proposed, making 8.30p (7.5p) for the year.

can pass the time by considering EIS's careful cash management and wondering whether 17 successive years of record profits is cause for complaint. A major addition to the group might prove to be a catalyst for spectacular growth, but EIS should still make between £9.5m and £10m before tax this year, while enhancing profits with useful infill acquisitions. On a prospective multiple of about 10, the shares - which dropped 4p to close at 28 1/2p yesterday - are at a slight premium to the market, a reward for solid long-term growth.

GKN expansion

GKN, UK industrial group, plans to increase its already strong presence in the US automotive parts market by buying Mid-America Industries, parts distribution company, for \$15.7m (£9.25m).

An agreement in principle was announced yesterday between Mid-America and Paris Industries Corporation, GKN's wholly-owned parts subsidiary in the US.

The intended \$8.5 per share cash deal is so far supported by holders of 41.7 per cent of the issued shares. Mid-America has also granted an option to PIC to buy authorised but unissued shares representing 20 per cent of the issued equity.

Broad Street loss midway

BY DAVID WALLER

Broad Street Group, the public relations company in which Mr James Gulliver holds a 10 per cent stake, suffered a £254,000 reversal in pre-tax profits for the six months to the end of October last year.

The group, of which the Scottish businessman became chairman in December last year, reported a pre-tax loss of £254,000, a profit of £289,000 in the previous six months.

Operating profits for the period dropped from £218,000 to £5,000; special provisions relating to bad debts absorbed a further £200,000.

A spokesman for Broad Street said that the fall in operating profits reflected the costs of an aggressive expansion into consumer PR and travel and leisure. Substantial expenses were incurred, but no business was generated.

The provisions arose as a result of a balance sheet review carried out by Mr Gulliver in the latter part of the year. It was decided that some of the provisions made against all balances deemed to be irrecoverable.

Broad Street's shares gained 2p to close at 26p.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Barklows	0.75p		0.75p	0.75	0.75p
Chapelton Race	1		1	1	1
Cannock Prop.	4.4		4.4	4.4	4.4
Edinburgh Inv Trst	2.5		2.27	4.15	3.75
EIS	6.15	July 7	5.5	7.5	7.5
Hryman	0.95		0.75	1.7	1.5
John Mendes	4.15		3.15	5.5	4.65
Morgan Crucible	5.4	July 1	5	10	9.2
Transia	10.5		5	15.5	12.5
The Race	0.85	July 29	1.2	1.2	1.2
Top Value Inds.	2	July 1	2.5	2	2.5

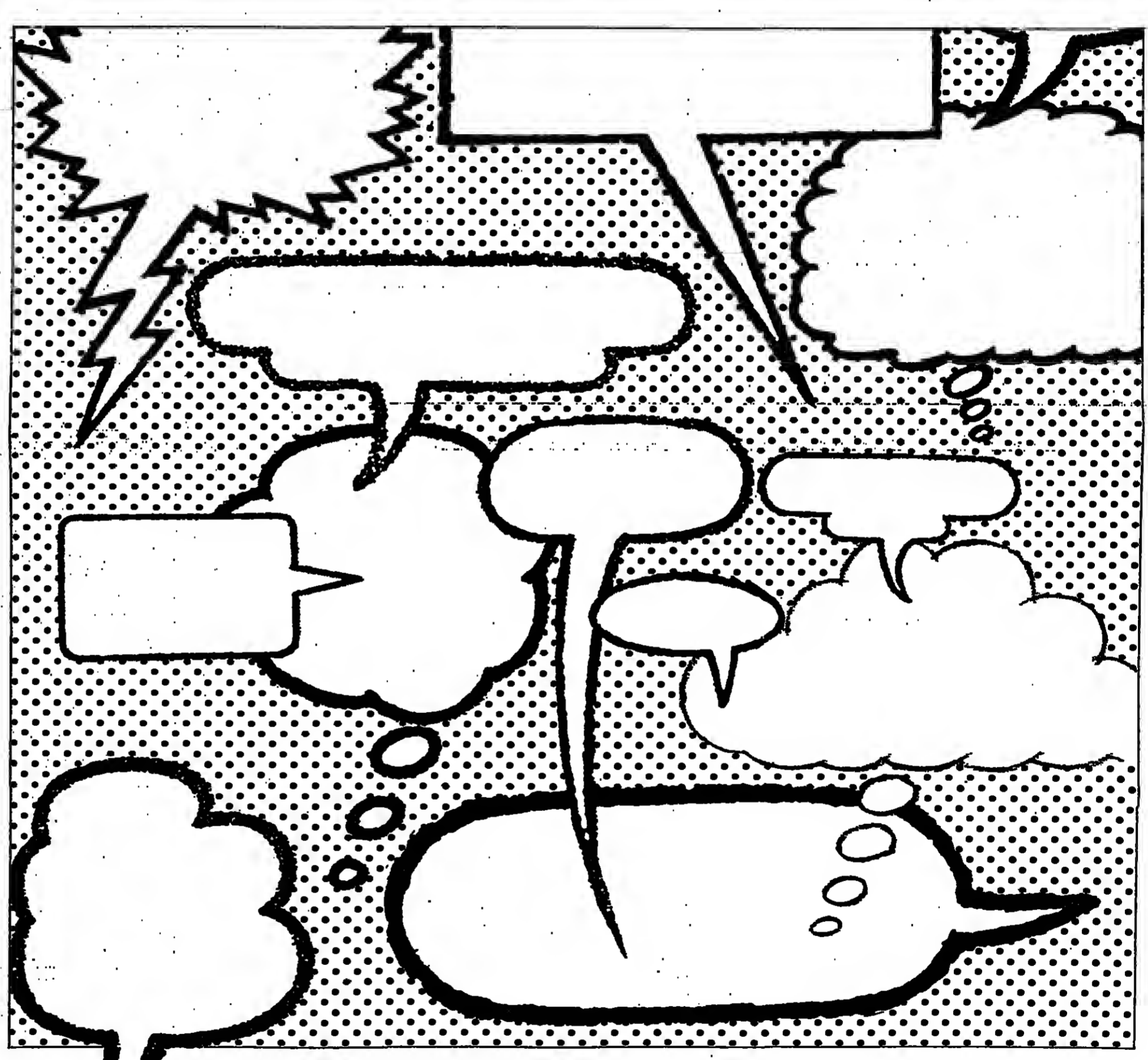
Dividends shown pence per share net, except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market. †Adjusted for sub-division.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend. Official indications are not available for the date and the sub-division shown below are based mainly on last year's situation.

TODAY

Barclays de Zoete Wedd Limited
 British Overseas Airways Corporation
 British Telecommunications plc
 British Waterways Board
 British West African Airways Corporation
 British West Indian Airways Corporation
 British West Indian Airways Corporation
 British West Indian Airways Corporation



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the London markets will be there, as well as many of Reuters staff. You can also meet some of the industry's most impressive information technology products, and try them out for yourself.

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We have laid on some very informative seminars, as well as refreshments. As the exhibition is located in the City, open from 8am until 8pm, you will find it both convenient, and enjoyable.

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WHERE THE INFORMED MEET



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April 1988

Again Atlantic's figures show substantial growth.



Reinforced management and the start-up of new offices in Chicago, San Francisco and Toronto ensured further progress in the North American Market.

While expansion into Australasia and the Pacific Basin followed Atlantic's acquisition of the Sydney based CBF Group.

The 69% increase in profits generated by DEC Systems Division continued to reflect the high demand for DEC equipment.

The restructuring of Atlantic Network Systems and the change in strategic direction to that of a market-led supplier of data communications networks should return the division to profit in 1988.

MPL made a satisfyingly positive contribution, strengthened by large orders for power systems from new blue chip customers.

GEC has taken a 40% share in Summit Group, Atlantic's property development and financial services subsidiary which returned exceptional profits for 1987. Combined with a major development in London's Docklands now nearing completion the potential for the Group looks particularly favourable.

Finally Atlantic Medical, one of the largest suppliers of financial services and equipment to the UK private health care industry, substantially improved both turnover and profits over last year's record levels.

Through continued growth and expansion Atlantic aims to become the world's leading independent supplier of technology and financial services.

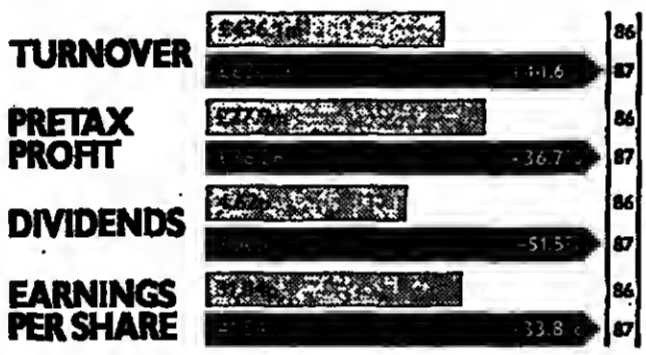
On present form Atlantic looks set to reach that target.

With turnover up from the 1986 high of £436 million to an impressive £630 million and a significant increase of 36% in pre-tax profits to £38.2 million, the Atlantic Group continued to maintain its substantial growth throughout 1987.

Acquisition and smooth integration of Comcap in the UK, coupled with outstanding performances from Computer Services Group in UK, Holland and Denmark, consolidated Atlantic's number one position across Europe.

Atlantic's 1987 Performance: Major Highlights.

- Turnover increases by 44% to £630 million
- Profits up by 36% to £38.2 million
- Dividend increased by 51.5% to 7.00p per share
- Earnings per share up 33.8% to 41.54p
- Dividend covered 5.7 times by earnings
- Further acquisitions speed growth world-wide



For a copy of Atlantic's Annual Report please send to our Corporate Affairs Dept.

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Plans for biggest private open-cast coal group

TWO coal-mining companies, Anglo United and Burnett & Hallamshire Holdings, yesterday unveiled plans to create Britain's biggest private-sector open-cast group.

Under the proposed deal, B&H will also be relieved from several liabilities, including a contingent liability of £8.5m from its 43 per cent interest in the South African mining company B&H London.

... (text continues) ...

The Independent 12th March 1988

ROBERT FLEMING & CO. LIMITED has advised

ANGLO UNITED plc

in a complex restructuring and recapitalisation of

BURNETT AND HALLAMSHIRE HOLDINGS Plc

involving the placing of £52 million in new shares and the creation of the largest private-sector open-cast coal-mining group in the UK.

ANGLO UNITED plc has acquired THE SEAHAM HARBOUR DOCK COMPANY and RUSHCLIFFE FUELS LIMITED from BURNETT AND HALLAMSHIRE HOLDINGS Plc and 31% of BURNETT AND HALLAMSHIRE HOLDINGS Plc

BURNETT AND HALLAMSHIRE HOLDINGS Plc has acquired the UK coal-mining interests of ANGLO UNITED PLC and has changed its name to NSM plc

FLEMINGS

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Magnet seeking buyer for Southern

By David Waller

Magnet, the kitchen and bedroom furniture group, is seeking a buyer for Southern-Evans, its timber merchandising subsidiary. Kleinwort Benson, the merchant bank, has been appointed to handle the disposal.

Analysis expect the disposal to value between £70m and £100m in the year to end-March. Southern-Evans made profits before central costs of £8.5m on turnover of £97.5m, and at the year-end, capital employed stood at £58m.

The move, not unexpected by analysts, fits the with Magnet's strategy of concentrating on its core activities of manufacturing and retailing home improvement and DIY products such as furniture and kitchens.

This strategy was developed by the previous Director, who was appointed chairman of what was then called Magnet & Southern in 1985 - 10 years after the merger of Magnet and Southern-Evans. He said yesterday that Southern-Evans was being sold to a financially rationalised in the past two years, was no longer central to the group and would be more valuable to a timber company.

He said he had received two informal approaches from would-be buyers, but declining to name them. Brokers mentioned the following as potential buyers: Hillside Holdings through its Hunter subsidiary; Sandell Perkins and Meyer International.

Mr Duxbury declared that the proposed sale was not prompted by any need to strengthen Magnet's balance sheet. Although capital expenditure amounted to £58m in the financial year just finished, the company currently has no pending.

In 1987 Magnet is expected to report pre-tax profits of £8.5m for last year, compared to £4.4m in 1986-87 and £28.05m the year before. Last October, brokers were forecasting profits of £70m but cut their forecast back after it emerged that the company had suffered difficult trading conditions in June.

Explaura turns in nearly £0.1m profit

Explaura Holdings reported taxable profits for 1987 of £96,615 compared with losses in the previous year of £407,662.

The company added that there had been considerable activity in advancing the New-foundland limestone project to meet the target of beginning production in the second quarter of the present year.

The directors said that mineral claims had recently been staked in three areas including the company's grants on Gender river. The claims covered a total of 26,000 acres.

Earnings per 5p share for this company which came to the USM in September 1987 were 0.66p (Jones 0.57p). Tax took 245,000 (£138) and there was an extraordinary credit of £821 against a debit last time of £28,146. Last time there were minorities credits of £16,418.

Edinburgh Invest. Trust moves ahead

Gross income at Edinburgh Investment Trust rose from £24.69m to £25.91m in the year to March 31 1988. Pre-tax profits also rose marginally from £18.59m to £18.72m. After tax of £4.58m (24.44m) earnings came out at 4.15p (3.5p).

The directors said that at the end of January the company was fully invested and this position had been maintained since. A final dividend of 2.5p is recommended, for a total of 4.15p (3.75p).

SHARE STAKES

The following changes in company share stakes were reported during the past week:

Geest - Parkview has sold 1,586,418 ordinary, thereby reducing its interest to 10,110,248 ordinary (14.5 per cent). S B Colman and J Jeffery have sold 228,090 ordinary, thereby reducing their interest to 4,487,813 ordinary (6.5 per cent).

Arthur Wood & Son - Mr Anthony F Wood, chairman, purchased 50,000 ordinary from the Wood family discretionary trust on March 31 1988 at 120p. He now holds 13,358 per cent.

J H Woodington - Abarus Capital Fund has purchased 845,888 ordinary, and its total is now 1,086,965 ordinary (29.9 per cent).

Yelverton Investments - Mr R Q Hoare, a director, has acquired a holding of 76,000 ordinary at 27p per share.

UK COMPANY NEWS

Inoco moves to USM with Rowland stake up at 47%

BY CLAY HARRIS

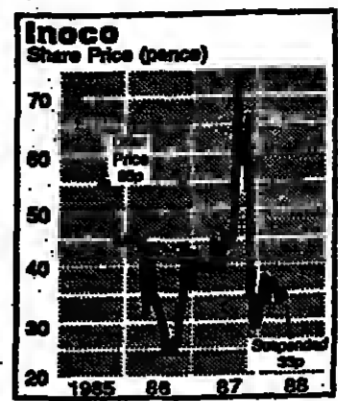
MR DAVID ROWLAND, the one-time 1970s stock market wild-card, is to inject the rest of his property assets into Inoco, the former oil company now reborn as a property investment group. The deal will increase the stake held by Mr Rowland's offshore Monaco Group Fund to 46.5 per cent from 18.8 per cent.

Inoco is to pay £21.5m in cash and issue £14m in shares for Monaco's portfolio of 26 UK and three overseas properties. The portfolio has a market value of £48.5m; taking borrowings into account, Inoco's net assets will increase by £12m.

The transaction will require Inoco to relinquish its full listing and move to the Unlisted Securities Market.

Nevertheless, the deal will give Mr Rowland his first publicly quoted vehicle since Williams Hudson - the diversified property and distribution company of which he owned 99 per cent - was liquidated in 1985.

In the 1970s, however, Williams Hudson took strategic stakes in a number of companies, most famously a 28.7 per cent holding in the Vickers engineering group in the summer of 1973. Aged only



27 at the time, Mr Rowland had already been a millionaire for five years.

Mr David Edd, chairman and chief executive, said yesterday that Inoco would not become involved in any high-risk projects of the sort which proved the undoing of Williams Hudson.

Mr Rowland, already Inoco deputy chairman, will work three days a week for the company under a new service contract. Like his investment group, Mr

Rowland is based in Monaco.

At yesterday's suspension price of 33p, Inoco has a market value of £28.5m. It came to market with an offer for sale at 55p in October 1985, although the shares failed to trade at or above that level until 18 months later.

Inoco was created to take over a US company owning oil and gas interests in Colombia and in the US states of Texas, Louisiana and Ohio.

In May 1986, it withdrew a £21m all-paper bid for Petrol, another exploration and production company, after the Takeover Panel said it would have to introduce a cash alternative. The disposal of its oil interests, apart from equity investments, was completed last year.

Monaco will seek a waiver of the requirement that it make a general offer to all shareholders.

Of the 9m shares it would hold after the deal, it promised to retain at least 5m until March 1989 and 4m until September 1989.

If the transaction is approved, Mr Peter Ryan, a former executive director of Thomas Tilling, is to join the Inoco board as a non-executive director.

Oliver Jessel behind Belvoir capital injection

BY PHELIP COGGAN

Belvoir Petroleum, a small over-the-counter oil company, hopes to join the stock market within the next two years following a capital injection masterminded by Mr Oliver Jessel, the former head of 1970s crash victim Jessel Securities.

Mr Jessel has arranged a scheme whereby Belvoir will acquire the vessel MV Nassau Pride from Craig Shipping. The purchase price of \$7m will be settled by the issue of Belvoir shares which will then be placed

by Standard Financial, a company controlled by Mr Jessel and Mr Jonathan Rosen.

The cash flow from the Nassau Pride, estimated to be around \$14,000 a day, will be used by Belvoir as a base for expansion. "As a result of these proposals" said Mr Jessel, "Belvoir will receive a substantial injection of new funds which will be used to rebuild the company into a business with oil, shipping and property interests".

Weak dollar takes toll on Tharsis

Currency fluctuations and the weakness of the dollar were the main factors behind a sharp reduction in profits at Tharsis.

The Glasgow-based pyrites exporter and land developer reported taxable profits for 1987 of £535,000, down from the previous year's £1.61m. Turnover fell to £5.45m (58,650m) and earnings per share came out at 15.89p (58.13p). The directors are proposing a cut in the final payment to 6p (10.5p) making a total of 8p (12.5p).

COMPANY NEWS IN BRIEF

APV, through its subsidiary APV Crepsco, is paying £1.4m for Prunco, Turkey-based maker of complete ice cream manufacturing systems. Price is subject to an upwards adjustment dependent on future profits.

BRITISH ISLAND AIRWAYS: Directors are to recommend a final dividend of 2p per share for the year to December 31 1987.

CALEDONIAN: environmental services and property company, has secured control of Atlas Chemical and made a full offer which values the chemicals supplier and industrial cleaning group at £16,000.

DAWSON INTERNATIONAL is selling its Reinhold knitwear subsidiary to a company formed by Mr Bernard Reinhold, its managing director, his son Richard and several institutional investors.

The consideration is said to represent less than 2 per cent of Dawson's net assets.

KNOPS & KNOCKERS has acquired Bentley's (Estate Agents) for an initial payment of £20,000 cash and 110,000 shares. There will be a further profit-related cash payment to a maximum of £250,000.

NORCROS has acquired a freight forwarding company and a packaging business to complement its export operations. Fellers & May and Acland Packaging have a combined turnover of £2m and net assets of £108,000.

NORTHERN ENGINEERING Industries: Shareholders told that there had been an encouraging start to the year with orders ahead of last year.

PORTALS HOLDINGS' subsidiary, Portals Engineering, is paying £1.5m to £500,000 for Sorlawish, supplier of computerised in-line weight grading and classification equipment for the fresh and frozen food industry.

SPRING RAM CORPORATION has started the present year well, the annual meeting was held, and order books were at record levels. The group remained poised to take advantage of increased capacity coming on-stream in the second half of the year.

TRILADON is to sell its leasehold interest in part of the building known as 1 Great Pillney St, 35-44 Brewer St and 1-5 Lexington St, London, to Brent Walker Group and to sell certain related equipment to Goldcrest Films and TV, a wholly-owned subsidiary of Brent Walker. Consideration is £100,000 and £160,000, in cash, respectively.

Boosey & Hawkes plc Major Recovery

Year Ended December 31st 1987.

	1987	1986
Profit Before Tax*	£973,000	£1,027,000. Loss
Earnings Per Share	15.7 pence	(373 pence)
Dividend Recommended Per Share	3.9 pence	Nil

*Before Extraordinary Items.

- The Boosey & Hawkes Group is poised for further growth.
- The Musical Instrument Division achieved profit at operating level in 1987.
- Capital investment continues in excess of £1 million p.a.

Nationwide Anglia 100

£300,000,000

Floating Rate Notes Due 1996

(Second Series) (Secured by Nationwide Building Society)

Interest Rate: 8.1425% per annum

Interest Period: 18 April, 1988 to 18 May, 1988

Interest Amount per £5,000 Note due 18 May, 1988: £333.37

Interest Amount per £50,000 Note due 18 May, 1988: £3,333.71

Agent Bank: Barings Brothers & Co. Limited

GRANVILLE SPONSORED SECURITIES

High Low	Company	Price	Change	Gross Yield	P/E
206 133	Acc. Brit. Ind. Ordinary	197 1/2	+2	4.9	4.5
207 145	Acc. Brit. Ind. CHLS	199 1/2	+2	10.0	5.0
41 25	Average and Allied	30	0	-	-
142 40	GBS Defence (GBSD)	50	0	2.1	4.1
146 108	Barclay Bank	142 1/2	0	2.7	2.6
146 95	Bay Technology	142 1/2	0	5.2	3.7
211 130	CI Group Ordinary	130	+1	11.5	4.5
147 99	CI Group 11% Cum. Pref	130	0	11.1	2.7
171 130	Carburon Ordinary	131	0	6.1	4.7
106 91	Carburon 7.5% Pref	106	0	10.3	9.7
220 87	George Hill	87	0	3.7	1.7
143 66	Isis Group	66	0	3.4	3.9
104 59	Jackson Group	59	0	10.4	3.2
780 300	Southwest NV (Amst)	300	0	10.4	3.2
51 40	Robert Jones	40	0	5.5	4.4
124 30	Sercliff	30	0	7.7	3.9
224 67	Torley & Corfield	67	0	2.7	3.8
72 32	Trevelyan Holdings (USM)	32	0	8.0	7.6
105 100	Unilever Group Cum Pref	100	0	16.2	5.9
276 198	W.S. Yates	198	0	16.2	5.9

Securities designated GBSD and USMD are dealt in the rules and regulations of The Stock Exchange. Other securities listed here are dealt in subject to the rules of FIMBRA.

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UK COMPANY NEWS

Menzies meets estimates with £26m

BY VANESSA HOULDER

John Menzies, newspaper wholesaler and toy retailer, increased pre-tax profits for 1987 by 15 per cent to £26.2m. The result, which matched City forecasts, was scored on turnover 13 per cent higher at £271.9m.

Following News International's introduction of a franchising system in January, Menzies has been renegotiating its contracts with major customers including News International, Associated Newspapers, Mirror Group, Daily Telegraph and IPC. Menzies said yesterday that it hoped that the resulting cut in margins would be offset by an increase in market share, and overall it expected its wholesaling profits to remain static this year.

The increasing expansion in retail activities is causing profits

to swing to the second half of the year and the mid-term results will not indicate the trend in profits for the full year, for which they expect another satisfactory result.

The wholesale division, which accounted for about half the business, had a good year helped by buoyant demand for quality newspapers and a number of women's magazine launches.

The company's retailing chains, John Menzies, Early Learning Centres and Ham-mick's, which was acquired in November, all experienced good trading and successful Christmas sales. Menzies has now exchanged contracts with the Martin Retail Group for the 66 retail stores that will effectively double selling space in England.

The Early Learning chain performed exceptionally well in the UK but newly opened stores in the US suffered from a drop in retail demand. The expansion in the US to 80 stores by the end of the year will make more efficient use of their overheads.

Terry Blood and Universal Office Supplies produced excellent profits but John Menzies Library Services was hampered by currency fluctuations.

Earnings per share increased by 18 per cent to 28.4p. A final dividend of 4.15p per share is recommended, making a total of 5.8p per share (4.65p) - an increase of 25 per cent.

put their wholesale business out to tender, Menzies looks set to come out relatively unscathed. For one thing its Scottish heart-land should escape the worst of the disruption and for another, it is winning some Sunday business - with its comparatively high margins - from the independents. So, despite the general cut in margins, profits from wholesaling - after reorganisation costs - should be static this year, and show respectable improvements the year after.

With the prospect of growth from the retail businesses, analysts are expecting pre-tax profits of £28.5m for the year. But the shares have had a good run since the budget and at 387p, on a rating of 12, there is little to go for in the short term.

Top Value up 23% to £1.8m

Record profits were again reported by Top Value Industries, expanding Manchester-based clothing manufacturer.

Taking in Continental Textiles, acquired last September, on a merger accounting basis, pre-tax profits expanded 23 per cent to £1.76m on turnover up from £14.09m to £17.05m. After tax of £470,000 (£421,000), earnings per 10p share worked through at 10.84p compared with 8.85p last time.

The directors are recommending a final dividend of 2p, making 3p for the year (2.5p).

Lord Barnett, chairman, said that both Continental and leatherwear supplier David Conrad exceeded budget. Har-rington continued to supply customers from outside production and small profits were made, although there was little prospect of growth. The manufacturing operation had now been closed, he added.

The announcement appears as a matter of record only

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PK English Trust Company Limited

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N M Rothschild & Sons Limited

March 1988

Barlows back in the black with £43,000

Barlows, commercial property manager and developer, reported a return to profit for 1987. The taxable surplus of £43,000 compared with last year's loss of £28,000. Group turnover edged up from £282,000 to £295,000.

The acquisition in November of north-west-based Avenue Group for a total consideration of £3.8m has provided Barlows with a mix of investment trading and development opportunities with good potential for further appreciation.

Avenue is a property investor, developer and trader.

At the same time Barlows divided its existing £1 ordinary shares into 10 ordinary shares of 10p each.

Extraordinary items after tax brought in a credit of £27,000 as against a debit of £45,000 for 1986. Prior to the extraordinary, earnings per £1 share came out at 0.25p (1.21p adjusted) whereas after they were 2.57p (2.76p adjusted). The directors proposed a final dividend of 0.75p (7.5p, 0.73p adjusted).

Rank to pay £48m for US video duplication interests

BY NIKKI TAIT

Rank Organisation, the leisure and entertainment group, is to pay \$90m (£48m) for the video duplication interests owned jointly by Columbia Pictures Entertainment, Paramount Pictures Corporation and Bell & Howell, the US educational publisher. Rank will also assume BHCPC's bank debt, taking the effective purchase price to about \$120m.

An outline of the deal came to light at the end of March, when Bell & Howell - which is subject to a \$87m leveraged buyout - filed certain papers with the US authorities. However, the formal agreement to the acquire the

company has now been signed and the purchase price settled.

BHCPC has about 33 per cent of the American video duplication market, while Rank operates the largest video duplication business in Europe. After the acquisition, Rank will have more than a third of the world market.

BHCPC's business is concentrated on the core video duplication operations, but it also has interests in the manufacture of blank cassettes and in the sale of pre-recorded cassettes to the retail market.

BHCPC's sales in the year to January 2, 1988 are not being disclosed. However, Rank says that pre-tax profits in the year were

\$12.5m, and that net assets stood at \$62.6m after net bank debt of \$22.8m. The figure for net bank debt, however, may have risen slightly since the start of the year - taking the cost to Rank nearer to \$120m.

Rank said yesterday that there were "considerable synergistic benefits" from the deal - both in terms of customer service and in buying power, which should bring down raw material costs.

BHCPC Video is Rank's second major US deal this year. In March, it announced the \$180m purchase of Anhart Enterprises, a leading American caravan park operator.

Lord Barnett chairman

Lord Barnett, chairman, said that both Continental and leatherwear supplier David Conrad exceeded budget. Har-rington continued to supply customers from outside production and small profits were made, although there was little prospect of growth. The manufacturing operation had now been closed, he added.

The stock market crash put a damper on Top Value's acquisitive ambitions, but with cash reserves of £3.6m at the year end and other sources of financing available, Lord Barnett said that the group was now in a "strong position to absorb another suitable company."

Ketson on target

Ketson, the revamped shell of the old Glanfield Lawrence property and motor dealer, is on target with a turnaround to a pre-tax profit of £495,000 for 1987 compared with a loss of £94,000 previously.

Turnover was up from £8.54m to £9.27m. No dividend has been declared.

Tax charged £125,000 (£75,000); extraordinary credit £1.4m (loss £1.2m).

Earnings per share 3.5p (2.3p) with a net asset value per share of 35p.

Chepstow Racecourse

Chepstow Racecourse raised pre-tax profits from £26,204 to £40,424 in 1987, on increased turnover of £398,197, against £746,065.

After tax of £9,250 (£10,100) earnings per share grew to 6.59p previously. The dividend is maintained at 1p.

Hyman profit shows advance

Despite an 11 per cent fall in turnover from £36.37m to £32.44m, Hyman, polyurethane foam converter and manufacturer, achieved pre-tax profits of £1.82m for 1987 against £1.61m previously.

There was an extraordinary debit relating to the writing off of goodwill together with a realised loss on currency converted of £228,903 (£179,184 debit).

Earnings per 5p share came out at 4.19p (3.65p) and a final dividend of 0.95p is proposed, for a total of 1.7p (1.5p).

Sibec reconstruction

BY PAUL CHEESBRIGHT, PROPERTY CORRESPONDENT

Sibec Developments, the privately-owned property company controlled by Mr Michael Birchall, has just completed a capital reconstruction which is a prelude to a market quotation next year.

The effect of the capital reconstruction is to bring all the equity in Sibec on-shore. Mr Birchall himself and seven London investing institutions have purchased from Hudson Conway Properties of Melbourne 43 per cent of Sibec's equity for £22.4m.

Sibec is a retail property developer with a £500m development programme underway in the UK,

Belgium and Spain. It made pre-tax profits in 1987 of £5.15m, and expects to pass £10m this year following pre-tax earnings of more than £5m in the first quarter. In 1989 it is expecting pre-tax profits of around £18m.

Hudson Conway bought into Sibec at a cost of £22m just before the crash. Subsequently it indicated to Mr Birchall that, if he could put a package together, it would be prepared to surrender its stake.

Mr Birchall, who has built up Sibec since 1979, now has a personal stake in the company of 83 per cent.

Allied Textile

Allied Textile, one of the largest companies in the Yorkshire wool industry, yesterday announced that it has increased its holding in Hugh Mackay, carpet manufacturer, to 1.74m shares or 29.15 per cent of the equity. Allied has held a stake in Mackay for several years, but in recent months has increased its holding.

Queens Moat £16m property purchases

BY CLAY HARRIS

Queens Moat Homes, UK provincial and continental European hotel chain, plans to pay £15.5m to buy two additional properties and to build a third.

In Britain, Queens Moat is to acquire the Charles Fitzmaurice Country Hotel, a 60-bedroom

American concert party criticises Crescent Japan

The American concert party which has built up a 20.9 per cent interest in £116m investment trust, Crescent Japan, and is seeking utilisation, has written again to shareholders, criticising the recent pre-tax profit record and arguing that the management contract with Edinburgh Fund Managers is "one of the most restrictive and potentially expensive" in the sector.

The concert party calculates that the maximum potential termination cost at Crescent works

Turriff £2m expansion

Turriff Corporation has made three acquisitions which will expand two of its four divisions. The purchase of Australian-based Chelgrave will extend the international plant and equipment maintenance division's operations to the State of Victoria, where it is presently not represented. Consideration is £240,000 cash plus two further fixed payments each of £50,000.

Turriff is enlarging its information and marketing services side

Cussins Property

A strong performance by its commercial division and a sharp fall in interest charges helped Cussins Property raise pre-tax profits by £3.45m to £1.85m in 1987, on turnover of £8.83m, against £5.06m.

Tax charge was higher at £415,000 (£36,000) giving earnings per 20p share of 21.8p (22.7p). The final dividend is 4.4p for a total of 7.5p (8.2p). Net asset value December 31 1987 was 2.52p per share.

Queens Moat £16m property purchases

three-star facility near Stratford-upon-Avon, where it already has two hotels.

The group will build a 100-bedroom hotel with conference and leisure facilities in the centre of Leuven, near Brussels. Its Belder-

burg subsidiary is also negotiating to buy the freehold of the 157-room four-star Park Hotel in Rotterdam.

The transactions will be financed through Queens Moat's £300m multi-option loan facility.

with the acquisition of Focus Marketing and also through a 40 per cent interest in New York-based MicroMedia Information Systems with options on the remaining 60 per cent.

Consideration for Focus is £330,000 cash, with two further payments based on Focus's turnover in the next two years. The cost for the MicroMedia stake is £562,000 cash with a further amount of up to £541,000 dependent on its 1988 pre-tax profits.

EIS

Group P.L.C.

THE SPECIALIST ENGINEERING GROUP

17th SUCCESSIVE RECORD YEAR

- 1987 pre-tax profits - £8.3m, up 18%
- Dividend of 8.35p, up 11%
- Cash on deposit - £13m
- Five acquisitions in past nine months

"Orders, sales and profits in the first quarter of 1988 are ahead of budget, and the same period last year"

M Q Walters, Chairman

Turriff £2m expansion

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CAISSE NATIONALE DE CREDIT AGRICOLE			
81-83 Boulevard Pasteur 75015 PARIS			
US DOLLAR	125 000 000	11 1/4%	NOTES due 1990
US DOLLAR	100 000 000	10 3/4%	NOTES due 1991
US DOLLAR	125 000 000	11 1/4%	NOTES due 1992
US DOLLAR	125 000 000	10%	NOTES due 1990
US DOLLAR	125 000 000	7 1/2%	NOTES due 1996
US DOLLAR	100 000 000	7 1/4%	NOTES due 1991
US DOLLAR	100 000 000	7 1/2%	NOTES due 1992
US DOLLAR	100 000 000	7 1/2%	BONDS due 1994
JAPANESE YEN	20 000 000 000	6 1/2%	BONDS due 1994
JAPANESE YEN	25 000 000 000	4 1/2%	BONDS due 1992

NOTICE TO NOTEHOLDERS and BONDHOLDERS

Noteholders and Bondholders are advised that: A law No 1852 dated January 18, 1985 has changed the status of CAISSE NATIONALE DE CREDIT AGRICOLE (CNCA) from that of a Public Institution (EPIC) to that of a Private Company (Société Anonyme) and simultaneously offered to the Calaisse Régionale to purchase a minimum of 80% of the capital stock of CNCA. This offer has been accepted by more than 75% of the Calaisse Régionale, therefore, a joint "arrêté" of the Minister of Economy, Finance and Privatisation and the Minister of Agriculture dated March 31st, 1985 made definitive such acceptance and effective the new ownership of CNCA by the Calaisse Régionale and the personnel of Credit Agricole. Consequently the Extraordinary Shareholders Meeting held on April 9, 1985 has approved the new by-laws of the Corporation and the Ordinary Shareholders Meeting held on the same day has elected a new Board of Directors.

THE UK TEXTILE INDUSTRY

Please note this survey will now be published on:

THURSDAY, 28th APRIL, 1988.

For further details please contact:

BRIAN HERON
on 061 834 9381

or write to him at:

Alexandra Buildings, Queen Street,
Manchester, M2 5LF.
Telex: 666813
Fax: 061 832 9248

The size, contents and publication dates of Financial Times surveys are subject to change at the discretion of the Editor.

CHAIRMAN'S STATEMENT

Extracts for the Year Ending 31 December 1987
J. R. Glen, C.A., Chairman

I am pleased to present my first Statement as Chairman of the Company, Mr. J. A. Edlison, who had been Chairman since June 1984, retired from that position at the end of last year's Annual General Meeting.

NEW BUSINESS

66 1987 was another record year for the Company with new business income rising by 29% as a result of significant improvements in all areas of our operations. 99

INVESTMENT

66 In financial markets 1987 will long be remembered due to the unprecedented slump in world share prices on 19 October... It is important, however, to keep a proper sense of perspective regarding this event. Most equity markets had enjoyed very strong rises throughout the first half of 1987 and despite the crash ended the year at a higher level than they had begun. 99


BONUS

66 A new system has been adopted for compound reversionary bonuses in order to produce a fairer distribution of surplus than can be achieved using a uniform rate... and overall our record of very competitive returns is maintained. However, a word of caution is warranted. If the more modest investment returns of 1987 were to be repeated in future years then it would not be possible to maintain bonuses at their current levels. 99

PRODUCT AND MARKETING DEVELOPMENTS

66 This is a busy period for the life assurance industry with a large number of changes taking place simultaneously. Against this background, the Company is continuing to develop new products and to enhance supporting services in order to satisfy the needs of our policyholders and agents... From 1 July 1988, Personal Pensions Plans will be available for the first time. Our Tailsman range of individual pension contracts is already largely in the form required by the new legislation and will be available for the new market. Tailsman has acquired a strong reputation as a versatile and attractive product and regularly features in surveys of the industry. 99

66 In conclusion, I should like to express the thanks of the Board yet again to our agents for their support and to all the officials and staff for their efforts on the Company's behalf during another successful year. 99


Scottish Life

The Scottish Life Assurance Company, Head Office, 19 St. Andrew Square, Edinburgh EH2 1YE.

THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE

(London Paris New York)
IN AID OF
THE SICK CHILDRENS TRUST

Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

This charitable trust provides desperately needed accommodation for parents of children undergoing long-term specialist treatment at Great Ormond Street and St. Bartholomew's Hospitals. The accommodation is currently in very short supply and is urgently required to house parents to comfort their children while they are away from home.

To sponsor the FT athletes please contact:-

Tim Kingham or Cliff Crofts on 01-248 8000 or write to them at:-
Financial Times, Bracken House, 10, Cannon Street, London, EC4P 4BY.

THE SPONSOR WHO DONATES THE HIGHEST CONTRIBUTION WILL RECEIVE A CASE OF LAURENT-PERRIER FT CENTENARY PINK CHAMPAGNE.

COMMODITIES AND AGRICULTURE

EC farm reform shows signs of faltering

By Tim Dickson in Luxembourg

FIRST SIGNS that the new momentum of common agricultural policy reform may falter in the current farm price negotiations were emerging in Luxembourg last night.

The setback when 10 of Europe's 12 Agriculture Ministers voiced their opposition to the European Commission's proposal to halve the 1988-90 monthly increments - the additional payments which are made to grain producers who delay selling their output to the community's intervention stores.

Commission officials and certain diplomats say that negotiations were accepted implicitly during the discussions which led to the successful February Summit of EC heads of government and which resulted in the implementation of budget stabilisers for the cereal sector and other commodity regimes. But no binding commitment was made at any stage by farm ministers or prime ministers.

Halving monthly increments - which are currently set at ECU 2 per tonne for ordinary wheat and ECU 2.7 for durum wheat - would effectively reduce farm support prices by between 1% and 2 per cent. Many member states argued yesterday, however, that by doing so the community would run the risk that the payments would not be sufficient to fulfil the function for which they were designed, namely, encouraging farmers to find a market outlet for their grain. Only Britain and Holland supported the Commission's case.

Another row was brewing, meanwhile, over the maximum permitted moisture content for cereals going into intervention. The Commission wants to fix the level at 14.5 per cent but certain northern European countries, notably West Germany, argue that the present 15 per cent limit is an additional drying cost on producers.

The Brussels authorities point out that productivity is higher in northern Europe and that grain must be of a certain standard to attract customers on the world market. EC Farm Ministers are today expected to discuss the rest of the price package - in most sectors the Commission has proposed a freeze - but in view of the forthcoming French elections no final decisions are likely this week.

Indonesia promises to clear illegal prospectors from goldfields

BY JOHN MURRAY BROWN IN JAKARTA

INDONESIA IS to take action against thousands of illegal prospectors who threaten to disrupt the country's bid to become a major gold producer by the turn of the century.

The Government has assured foreign mining companies which have invested millions of dollars in exploration that the estimated 100,000 illegal miners will be cleared by the beginning of July. The Mines Ministry has also said

that until the problem is resolved, no new licences will be issued except for the frontier provinces of Irian Jaya. Local mining operations are nothing new in Kalimantan, now the main area of foreign interest. Indian tribes have been panning gold for centuries. According to unofficial estimates around 3 tonnes a year is smuggled out to buyers in Hong Kong.

"If it was just a question of the local panners the companies would not worry," says a foreign geologist in Jakarta. He adds that to date every gold deposit in Kalimantan has been first discovered by local prospectors.

But the forest clearing by logging concessionaires and now the mining companies has resulted in a huge influx of illegal operators, many of them using sophisticated pump and battery equipment

financed and supplied by local businessmen. These people are concentrating on hard rock, working the high grade areas which could upset the economics of those foreign contractors who rely on average grades," says an Australian mining director.

Around 100 contracts have been signed in the last two years following the Government's move to improve the investment climate for foreign

mining companies. Most large mining houses are repro- ducing, including BP of the UK, CRA of Australia, and Newmont and Pennell of the US.

This week will see the first production at an alluvial site in Kalimantan developed by Felsart Resources and Jason Mining of Australia. Grades are said to be as high as 250 milligrams per cubic metre.

On many blocks alluvial deposits are expected to provide much early output, providing companies with the cash flow to tackle the more expensive but richer hard-rock gold. Foreign companies say Indonesia could produce around 50 tonnes within 10 years, which compares with Germany at 15 carats (75 per cent gold content) in both Italy and France.

The government is already reaping the benefits with investment in the sector boosted by 55 per cent last year to \$137m.

Miners look to jewellery trade for renewed sparkle

BY KENNETH GOODING, MINING CORRESPONDENT

IT IS not only the world's jewellery industry that is hoping to get some clear signs from the European Clock and Jewellery Fair, which is packing Basel in Switzerland to capacity this week.

Gold mining companies around the world will also be monitoring the outcome of the fair and the size of the order books it produces because jewellery provides the cornerstone of demand for their product.

In the past 15 years jewellery has absorbed about 13,000 tonnes of gold, or 57 per cent of all the gold mined in that time. The jewellery makers are using considerably less than in the hey-day, between 1973 and 1980, when they took up to 1,200 tonnes a year. Currently they account for about 800 tonnes a year. But that is still nearly 60 per cent of the gold produced.

There have been confusing signals about the health of the world's gold jewellery industry following the crash in stock markets last October. So the Basel Fair, the most important of its kind in the world, takes on even more significance this year.

About 67,000 visitors are expected to attend the fair and three quarters of them will be professionals. "We know the buyers are here because the hotels are full to overflowing. But will they be placing orders? - that's the big question," says Mr Henry Schaefer, chairman of the exhibitors' committee.

The Italian jewellers are in the best position to judge world trends from a European viewpoint. They dominate the industry and turn more than 200 tonnes of gold a year into jewellery, far ahead of the West Germans (about 30 tonnes and Switzerland 20 tonnes).

Italy had a reasonable year in 1987 and used between 210 tonnes and 215 tonnes of gold, down from 223 tonnes in 1986. But the omens are not particularly good so far this year.

According to Mr Fabrizio Taddia, export manager for the Beltracchi company, one of the world's largest suppliers of gold chain, demand for gold jewellery in Western Europe has remained steady but has become much more competitive.

Manufacturers have been driven to concentrate more on their domestic market because of poor demand in several key overseas territories and because of the weakness in the value of the US dollar, the most widely-used trading currency.

The US is also by far most important market for gold jewellery and for the Italians who supply about 90 per cent of the 110 to 130 tonnes sold there each year.

Mr Taddia says that, although the economic indicators give no hint of any recession in the US, consumers are buying "sensible" items such as furniture and new cars. They are apparently reluctant to put their money into luxury items like jewellery because of the uncertainties about what economic conditions will be like

in 1989 after the presidential election. Another problem for the Europeans is that the US jewellery trade over-stocked deliberately in 1985-86 when the dollar was strong and consequently today is willing to pay only very low prices, and in some cases is failing to pay at all for the goods

that have been delivered, thus putting considerable financial strain on suppliers. Demand for gold jewellery has almost dried up in Latin America because of the international debt problems of countries in that region, he says. And the Middle East is not as flush with oil

money as it used to be. However, Far East demand is strong, particularly in Hong Kong, the "gateway" to many other markets in the area.

Japan is a relatively new market but one which is taking to gold jewellery at a rapid rate. Sales have been growing at an annual 60 per cent.

Mr Taddia says, however, that Italy supplied only 10 tonnes of the 75 tonnes of gold jewellery bought by the Japanese last year, and the worst news of all, the buoyancy of demand has prompted the Ministry of International Trade and Industry to encourage Japanese companies to go into the business.

This represents a major threat to the Europeans in three to five years time as the Japanese follow Hong Kong and Taiwan (where West German jewellers have taken their technology by setting up several joint ventures) into world gold jewellery export markets.

The French and German industries, like the Italians, are well aware of the developments and offer the same potential solution. "We will never be able to compete on price with the Far Eastern manufacturers, but we can stay ahead in quality and creativity of design," says Mr Alfred Schneider, director of the West German Gold and Silverware Industries Association.

However, harmonisation of standards throughout the European Community may well play into the hands of the new, lower-cost suppliers of gold jewellery.

At present European countries' minimum standards for the gold used ranges from only 8 carats (one-third gold content) in West Germany to 18 carats (75 per cent gold content) in both Italy and France.

The French say 8 and 9 carat gold (the UK minimum standard) should really be described as "noble copper" because it is about two-thirds copper. "If you have two-thirds of Perrier water and one-third Champagne, you do not call the resulting drink Champagne," points out Mr Henri Arthus Bertrand, president of the Confederation of French Jewellery Manufacturers.

But he admits that France and Italy will probably have to accept a lower standard under the terms of Community harmonisation. While this might not be good for the Europeans, because more opportunities will be provided for low-cost gold jewellery imports from the Far East, a change to lower gold content would probably bring a bonus for the gold producers.

The availability of low-cost 9 carat gold has boosted sales of gold jewellery in the UK to more than 25 tonnes a year, two or three times ahead of France where the minimum standard is 18 carat.

Best of all, from the miners' viewpoint, much 9 carat jewellery is the "throwaway" type which is already being sold in the gold content coming back onto the market one day.

BRITAIN'S precious metals market is continuing to expand. Assay Office figures released yesterday showed that while the number of gold items hallmarked in the UK during the first quarter of 1988 only rose only 0.6 per cent from the same period last year to 3.6m, their weight increased by 21.3 per cent to 13.3m grams.

Of this total the figures showed 2.6m were British items weighing 3.64 mln grams. Silver items marked were 11.8 per cent up on 1987 at some 868,318 items and their weight was 14.6 per cent higher at 12,568 grams. Platinum articles were 13.1 per cent up at 2,018 with weight up 38.8 per cent at 13,675 grams.

An Assay Office official commented "the figures continue to support the general upward trend of jewellery sales... 1987 was the best year for hallmarked articles for eight years and all indications suggest that 1988 will be even better."

Table: Non-Communist World Consumption of Gold in Jewellery. Columns: 1988(f), 1987(a), 1986(e), 1985. Rows: Western Europe, Far East, Indian sub-continent, North America, Middle East, China, Total.

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Malaysian Minister defends 'sound' forestry management policy

BY DAVID BLACKWELL

MALAYSIA yesterday defended itself against conservationist claims that its logging industry is a threat to the existence of the country's tropical rainforests.

Dr Lim Keng Yaik, Minister for Primary Industries, said that Malaysia prided itself on being "a country which has a sound forestry policy, and our forest management systems are among the best in the tropical world."

The group is urging Malaysia to back a tropical hardwood code of conduct to ensure that only sustainably produced timber is traded worldwide.

Dr Lim admitted that Malaysian management of its forest was not perfect as the tropical forest "is one of the most, if not the most, complex ecosystems in the world." But he argued that the harvesting of timber from tropical forests was a complex issue, and one area where the International Tropical Timber Organisation, which meets again in June, could play an important role.

Last year Malaysia exported 1.37 cubic metres of timber and timber products worth US\$90m to the EC, which is one of its most important markets, accounting for 13 per cent of the total timber exports.

Exploiting the tropical rainforest was second only to the oil and gas sector in importance to Malaysia's economy, said Dr Lim, earning 6.8bn ringgit or 13.3 per cent of export earnings last year, and giving jobs to 150,000 people or 3 per cent of the working population.

The most misunderstood aspect of the country's timber industry was its logging policy, according to Dr Lim. Figures have been quoted to show that Peninsular Malaysia is left with only 10 per cent virgin jungle and that Sarawak will have lost all her forests by the 1990s.

But out of a total land area of 33m hectares, 61 per cent or 20.4m hectares were under forest, he said.

The World Wildlife Fund is to launch a \$2.5m campaign next month to help conserve the world's rainforests, and the WWF, and at current rates of destruction only about 5 per cent of the world's tropical forest will be left in 50 years time.

But by using new conservation techniques which meet the needs of local people, the Fund believes it can save key sites and protect the genetic diversity contained within them. Korup - about 300,000 acres, or the size of Greater London - is more than 800 years old and contains the most number of different plant species of any remaining African rainforest, with more than 400 types of trees as well as a quarter of all African monkey species and 250 kinds of birds.

The Fund aims to set Korup up as a genetic nursery and storehouse, with a 1m acre buffer zone around the key site to provide the needs of the local people.

Mr J. Mackie, director general of Gafta, said the association would maintain its involvement with the grain futures market through the clearing house and the management of the stores administration. This was "something which many will agree is in the best interests of all in what remains London's most trade-oriented futures market," he said.

"Gafta is proud of its long association with the Grain Futures Market and the part it has played in sponsoring other agricultural futures markets, and we naturally wish the NCFM continuing success under its new structure.

"However, we must regret the loosening of our very strong links with the market and we recognise that the loss of such an important department and practical source of revenue will necessarily involve a major reappraisal of Gafta's role and activities," said Mr Mackie.

Gafta launches clearing house

BY DAVID BLACKWELL

THE GRAIN and Feed Trade Association's new clearing house, which has been given the green light to become a Recognised Clearing House under the Financial Services Act, came into operation yesterday.

Gafta, which has had a clearing house since before 1929 when the association was formed, has restructured the operation as a wholly-owned subsidiary company to be known as the Gafta Clearing House and Company. The Clearing House is a member of the Securities and Investment Board, which is responsible for the regulation of London's markets under the Act, said it would probably recognise the new company formally next week, once some technical amendments had been made to the regulations.

The clearing house will provide clearing operations for the New Grain Futures Market under the new regulations. The NCFM will be incorporated into the Baltic Futures Exchange.

The exchange - a Recognised Clearing House - was formed last December by the merger of the Soybean Meal Futures Association, the London Meat Futures Association, and the Baltic International Freight Futures Market, known as Baltic. These four markets clear their contracts with the International Commodities Clearing House.

Gafta has provided \$75,000 for the purchase of debentures in the Baltic Futures Exchange to enable the New Grain Futures Market to participate in the exchange. The staff from Gafta's futures department have been transferred to the BFE.

Gafta is also providing working capital and a bank guarantee for the clearing house company.

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Table: LME Warehouse Stocks. Columns: Aluminium standard, Aluminium high grade, Copper grade A, Lead, Nickel, Zinc, Tin. Rows: Close, Previous, High/Low.

LONDON MARKETS

ALUMINIUM prices fell early in anticipation of a rise in stocks at LME warehouses. Stocks of both grades of the metal rose by a total of 7,975 tonnes to 56,750 tonnes, and high grade cash aluminium added a further 1,000 tonnes to the \$485 fall last week, leaving it at \$2,310 a tonne at the close. Copper prices also continued to decline, affected as was aluminium by the strength of sterling against the dollar. Currency factors were the main reason for a 22c tonne fall in the price of three-month robusse coffee, which closed at £1,103 a tonne - only just above a fresh 5 1/2 year low. Meanwhile the Biffes dry freight futures contract rose a further 10c to 110.00 from recent highs, with the July position shedding a further 66c points to add to the 137 point fall of last week. It closed at 1,315 points following widespread liquidation of long positions reflecting the weakness of the physical market.

Table: COCOA. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

Table: COFFEE. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

Table: RUBBER. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

Table: SPOT MARKET. Columns: Close, Previous, High/Low. Rows: Crude oil (per barrel FOB), Dubs, Brent Blend, WTI (per unit), Oil products (NWE prompt delivery per tonne CIF), Premium Gasoline, Gas Oil (Brent), Heavy Fuel Oil, Naptha, Petroleum Argus Estimates.

Table: GOLD. Columns: Close, Previous, High/Low. Rows: Gold (per tray oz), Silver (per tray oz), Platinum (per tray oz), Palladium (per tray oz).

Table: LEAD. Columns: Close, Previous, High/Low. Rows: Aluminium (first market), Copper (LME Product), Lead (US Producer), Nickel (first market), Tin (European free market), Tin (Kuala Lumpur market), Tin (New York), Zinc (US Prime), Zinc (US Prime Warehouse), Zinc (US Prime Warehouse), Zinc (US Prime Warehouse), Zinc (US Prime Warehouse).

Table: GAS OIL. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

Table: WHEAT. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

Table: RUBBER. Columns: Close, Previous, High/Low. Rows: Rubber (Latex), Rubber (RSS No 1), Rubber (RSS No 2), Rubber (RSS No 3), Rubber (RSS No 4), Rubber (RSS No 5), Rubber (RSS No 6), Rubber (RSS No 7), Rubber (RSS No 8), Rubber (RSS No 9), Rubber (RSS No 10).

Table: COPPER. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

WORLD COMMODITIES PRICES

Table: LONDON METAL EXCHANGE. Columns: Close, Previous, High/Low, AM Official, Verb Close, Open Interest. Rows: Aluminium, Cash, 3 months, 6 months, 9 months, 12 months, Copper, Copper, Standard, 3 months, 6 months, 9 months, 12 months, Lead, 3 months, 6 months, 9 months, 12 months, Tin, 3 months, 6 months, 9 months, 12 months.

Table: SOYABEAN MEAL. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

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US MARKETS

THE PRECIOUS METAL MARKETS rallied in response to a weaker dollar and uncertainty concerning the situation in the Gulf following overnight reports of conflict, reports Drexel Burnham Lambert, Trade, local and commission house buying rallied prices, but, as the markets failed to penetrate overhead resistance, profit-taking and local long-liquidation touched-off steps to ease prices. Copper eased reflecting disappointment at the markets failure to capitalize on last week's gains. Technical selling and long-liquidation contributed to the decline. Energy futures also reacted to the situation in the Gulf, good trade, long-liquidation in the May contract. Sugar underwent a late rally on trade and commission house buying while cocoa was marginally firmer reflecting the weaker U.S. dollar. The metals were lower across the board with ending cash markets.

Table: CRUDE OIL. Columns: Close, Previous, High/Low. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May.

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NEW YORK

GOLD 100 TRY oz. \$700.00

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CHICAGO

SOYABEAN 6000 bu m/c cents/5000 bushel

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Table

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Further surge by the pound

STERLING MOVED further towards the centre of the stage yesterday, but the dollar resumed its bow out, and remained under the spotlight.

Demand for the pound continued to build up, as speculative money looked for gains in sterling, after the disappointment of the February US trade figures last week.

Rising oil prices, on news of a flare up between the US and Iran in the Gulf, added to sterling's attraction.

The pound rose to its highest level for over six years against the dollar, and to the highest since July 1986 against the D-Mark.

Dealers said the Bank of England may have intervened from time to time, but only as a smoothing operation.

There was a tendency to take profits just ahead of the time the Bank of England intervened to provide liquidity for the London money market, but then the pound moved ahead again when the central bank failed to signal a cut in US bank base rates.

Sterling finished the day 155 cents higher against the dollar at \$1.9050, and broke through DMS.15, to close at DMS.1550, compared with DMS.1375 on Friday.

The pound also rose to Y266.25 from Y264.00, to SP2.61 from SP2.5925, and to FF110.72 from FF110.6425.

According to the Bank of England sterling's exchange rate index rose 0.4 to 78.7.

A quiet day for the dollar

at 92.1. D-MARK - Trading range against the dollar in 1987/88 is 1.9205 to 1.5748. March average 1.6766. Exchange rate index 148.1 against 146.9 six months ago.

The D-Mark closed unchanged against the dollar in Frankfurt, after a nervous day, when the fear of central bank intervention to support the dollar, and the clashes between the US and Iran in the Gulf offset the general wish to sell the US currency.

The dollar closed unchanged at DM1.6615, without any sign of open market intervention by the Bundesbank.

The Bundesbank did not intervene when the dollar was fixed at DM1.6821 in Frankfurt, compared with DM1.6849 on Friday.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 131.35. March average 147.08. Exchange rate index 245.7 against 233.0 six months ago.

The yen closed firmer against the dollar in Tokyo. Dealers suspected the Bank of Japan may have intervened on a small scale to support the US currency at around Y123.75. The dollar closed at Y123.80, compared with Y124.15 on Friday.

appeared to be in prospect, dealers could find no reason to buy the currency but were nervous of co-ordinated central bank intervention.

News broke of a US strike against Iranian oil platforms before European markets began trading, but the market only began to react when it was announced that Iran had retained by attacking a US run platform in the Gulf.

This was quickly followed by a confirmed report of an Iranian attack on a British flagged tanker, and by a US claim of a direct hit on an Iranian ship by a missile from a US frigate.

As news from the Gulf dried, dealers rushed to cover short-dollar positions, but economic fundamentals soon returned to the fore, with dealers regarding the recovery as an opportunity to sell.

After touching DM1.654, the dollar fell back to close around the day's low at DM1.654, compared with DM1.6905 on Friday.

It also declined to SP1.3705, from SP1.3720 before 08.00, and to FF5.625 from FF5.6325, but rose to Y124.00 from Y123.85.

On Bank of England figures the dollar's index was unchanged

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FINANCIAL FUTURES

Attention on short sterling

ATTENTION WAS on the short end of the sterling market on Friday.

Traders saw further possible gains in three-month sterling deposit futures, but little movement in the long gilt contract.

The fight against inflation is regarded as the UK Government's priority at present, and for this reason dealers believe the pound may be allowed to rise a little further on the foreign exchanges.

Traders also suggested that rising oil prices might alter the authorities' calculations on how far the pound could be allowed to climb, before interest rates should be cut.

On this basis it was argued that the short sterling contract may move up to around 92.05 to 92.10, although at this level it would be discounting another cut in base rates.

June three-month sterling deposits opened firm at 91.60 on

Life, and rose to 91.87, before closing at 91.86, compared with 91.88 on Friday.

Volume in short sterling futures was virtually the same as in long gilts. Turnover in short sterling futures was a record 2,901, compared with 2,510 on February 8, with volume running at over double the usual level, compared with futures.

The level of business in the long gilt was very disappointing, at around 12,000 contracts.

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In Good Company advertisement featuring promotional gifts like key rings, cuff links, and medals.

Company Notices section for CENTRAL-EUROPEAN INTERNATIONAL BANK LTD.

I.G. INDEX LTD. advertisement for Grosvenor Gardens, London SW1W 0DD.

£ IN NEW YORK

Table showing exchange rates for £ in New York.

STERLING INDEX

Table showing the Sterling Index.

CURRENCY RATES

Table showing various currency rates.

CURRENCY MOVEMENTS

Table showing currency movements.

OTHER CURRENCIES

Table showing other currencies.

MONEY MARKETS

London rates fall

INTEREST RATES all on the London money market yesterday, as dealers waited to see if sterling's rise to Dp.15 would prompt a signal of another cut in US bank base rates from the Bank of England.

Three-month interbank fell to 8-7/8 p.c. from 8-3/4 p.c., but with the pound hovering around DMS.15 for most of the day the authorities decided to lower the official money market intervention rate.

US clearing bank base lending rate 8 p.c. from 8-1/8 p.c. on April 11.

A large amount of yesterday's help was provided through bill repurchase agreements and late assistance, indicating that discount houses are reluctant to sell paper outright at present, in the hope of an early cut in interest rates.

The Bank of England initially forecast a money market shortage of \$200m, but revised this to \$250m at noon. Total help of \$245m was provided.

Before lunch the authorities bought \$20m bills for resale to the market on May 11, at 7 1/2 p.c.

In the afternoon the Bank of England had further assistance of \$45m, including purchases of \$25m bills outright, by way of

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates.

POUND STERLING FORWARD AGAINST THE POUND

Table showing Pound Sterling Forward Against the Pound.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot - Forward Against the Dollar.

EURO-CURRENCY INTEREST RATES

Table showing Euro-Currency Interest Rates.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates.

FINANCIAL FUTURES

Attention on short sterling

Table showing financial futures data.

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Company Notices section for CENTRAL-EUROPEAN INTERNATIONAL BANK LTD.

I.G. INDEX LTD. advertisement for Grosvenor Gardens, London SW1W 0DD.

ASSI CARDO advertisement.

EUROC FFV MoDo advertisement.

NOBEL INDUSTRIES SWEDEN advertisement.

PERSTORP PROCORDIA advertisement.

SCA SKF SKANSKA advertisement.

SWEDISH MATCH advertisement.

Swedish Annual Report Promotion advertisement.

Swedish Annual Report Promotion advertisement.

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Swedish Annual Report Promotion advertisement.

EUROC advertisement featuring a portrait of a man and text about Swedish building materials.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, and Stock. Lists various options series and their corresponding stock prices.

Table with columns for Jul 88, Oct 88, Jan 89, and Stock. Lists various options series and their corresponding stock prices.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including ADW Bank, City of London, and others.

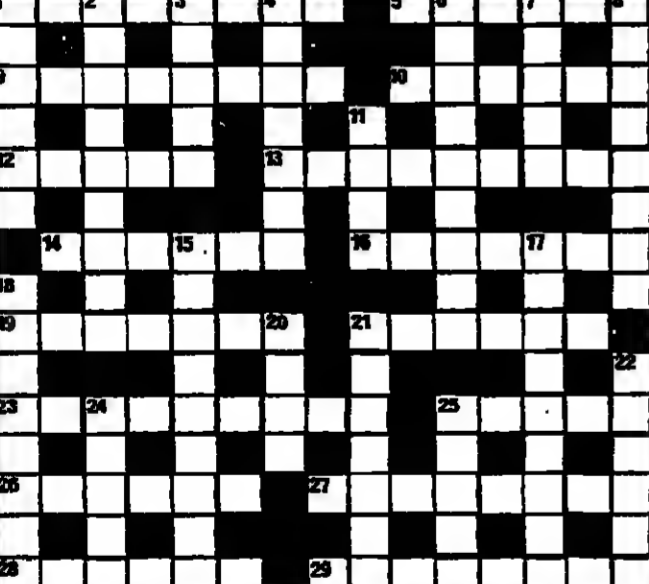
FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts, including names like Abbey Unit Trust, F&G Unit Trust, and others, with columns for details and prices.

TO ADVERTISE PROPERTY TO RENT. Furnished lettings, Company and Embassy Lets, Long and Short Term. All appear in the FT every Monday and Saturday.

FT CROSSWORD No.6,609 SET BY HIGHLANDER



CROSSWORD clues: ACROSS 1 He works on the roof while she's in the house (6), 2 Trustworthy but short of credit? It's OK to scold (6), 3 Have a meal with the family in Chinese restaurant (6), 4 A convict appears in foreign prison (6), 5 PH Animal is about through (6), 6 Not capital so does not go to higher court? (6), 7 Get tired operating vessel (6), 8 Artillery in front of ship officers illusive hour (7), 9 Takes exam again having succeeded in battles (7), 10 Cricketers stay here a while, using credit facility (6), 11 Many start with a line to an Italian soldier (6), 12 Inclined by the sound of it to leather (6), 13 In speech, attached attack (6), 14 Presume on one - or worse (6), 15 Non-liberal officer types (6), 16 Slight expressed uncertainty produces quibble (6), 17 DOWN 1 Superman included one coloured artist (6), 2 Everything - including the girl - is a plant (6), 3 Disagreeable burden (6), 4 Slip one out in letter overcast (7), 5 Make up one's mind to prevent any deposit (6).

FT UNIT TRUST INFORMATION SERVICE

April 1988

Table of financial data for various unit trusts, including columns for name, type, and performance metrics.

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INSURANCES

Table of insurance-related financial data, including company names and associated values.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of Unit Trust Information Service listing various funds, their managers, and performance metrics.

Table of London Share Service listing various share funds, categorized by maturity (Shorts, Five to Fifteen Years, Over Fifteen Years) and type (British Funds, Foreign Bonds & Rails, Americans).

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products and their details.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies with columns for stock price, bid, offer, and volume.

CANADIANS

Table listing Canadian companies with columns for stock price, bid, offer, and volume.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for stock price, bid, offer, and volume.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads companies with columns for stock price, bid, offer, and volume.

CHEMICALS, PLASTICS

Table listing chemicals and plastics companies with columns for stock price, bid, offer, and volume.

DRAPERY AND STORES - Contd

Table listing drapery and stores companies with columns for stock price, bid, offer, and volume.

ELECTRICALS

Table listing electrical companies with columns for stock price, bid, offer, and volume.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for stock price, bid, offer, and volume.

ENGINEERING - Contd

Table listing engineering companies with columns for stock price, bid, offer, and volume.

FOOD, GROCERIES, ETC

Table listing food, groceries, and other companies with columns for stock price, bid, offer, and volume.

HOTELS AND CATERERS

Table listing hotels and caterers companies with columns for stock price, bid, offer, and volume.

INDUSTRIALS (Misc.) - Contd

Table listing industrial companies with columns for stock price, bid, offer, and volume.

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Table listing engineering companies with columns for stock price, bid, offer, and volume.

INDUSTRIALS (Misc.)

Table listing industrial companies with columns for stock price, bid, offer, and volume.

Handwritten text at the bottom of the page, possibly a signature or note.

LONDON SHARE SERVICE

Spit in 11.50

INSURANCES - Contd. Table listing various insurance companies and their share prices.

PAPER, PRINTING, ADVERTISING - Contd. Table listing companies in the paper and printing industry.

TEXTILES - Contd. Table listing various textile companies.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land-related companies.

OIL AND GAS - Contd. Table listing oil and gas companies.

MINES - Contd. Table listing various mining companies.

LEISURE Table listing companies in the leisure and entertainment sector.

PROPERTY Table listing real estate and property-related companies.

TOBACCOS Table listing tobacco companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

OVERSEAS TRADERS Table listing companies that trade overseas.

PLANTATIONS Table listing plantation companies.

MOTORS, AIRCRAFT TRADES Table listing motor and aircraft-related companies.

PROPERTY Table listing real estate and property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

FINANCE Table listing various financial institutions and companies.

MINES Table listing various mining companies.

THIRD MARKET Table listing companies listed on other stock exchanges.

NEWSPAPERS, PUBLISHERS Table listing newspaper and publishing companies.

PROPERTY Table listing real estate and property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

FINANCE Table listing various financial institutions and companies.

MINES Table listing various mining companies.

THIRD MARKET Table listing companies listed on other stock exchanges.

PAPER, PRINTING, ADVERTISING Table listing companies in the paper and printing industry.

SHIPPING Table listing shipping and maritime companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

OIL AND GAS Table listing oil and gas companies.

FINANCE Table listing various financial institutions and companies.

REGIONAL & IRISH STOCKS Table listing regional and Irish stocks.

SHOES AND LEATHER Table listing shoe and leather companies.

SOUTH AFRICANS Table listing companies from South Africa.

TEXTILES Table listing various textile companies.

OIL AND GAS Table listing oil and gas companies.

FINANCE Table listing various financial institutions and companies.

TRADITIONAL OPTIONS Table listing traditional options.

A selection of options traded is given on the London Stock Exchange Report Page. This service is available to every Company listed in the Stock Exchange throughout the United Kingdom for a fee of £200 per annum for each security.

LONDON STOCK EXCHANGE

Markets respond as strength in the pound triggers fresh hopes for base rate cut

Account Dealing Dates table with columns for First Decline, Last Account, etc.

THE SUDDEN escalation in hostilities in the Gulf, and the reaction in the dollar, threw the London securities markets into some confusion yesterday.

Equities opened higher after weekend press comment had reinforced Friday's rally in securities markets as the City digested the US trade figures for February.

But the news of the further conflicts in the Gulf, raising expectations of a setback on Wall Street, sent the FT-SE Futures contract plunging to a 12 point discount on the London International Financial Futures Exchange (LIFFE).

Equity prices soon followed suit, and the net gain in the index was cut back severely as New York opened on the downward trend.

At the close, the FT-SE 100 index was a net 9.2 up at 1787.8, with the 1800 mark still looking as unimpossible as it did on Day Two of the October Crash.

However, business levels in the equity market were low as the institutions stayed on the sidelines and the marketmakers sought to keep trading books within tight limits.

The market was sustained by initial gains in oil shares as the Gulf developments pushed crude prices ahead in the US and London.

British Petroleum party-paid, which have been seen as the most direct medium for speculating in crude oil prices, traded heavily (17m shares), touching 82p before closing at 81p, only a shade up.

Government bonds had a busy session, with the short and medium dated stocks out-performing the rest as overseas buyers assessed the prospects for a cut in UK interest rates just when the US might be forced to lift its own rates in defence of its currency.

Longer dated were relatively overlooked, gaining 3/4 of a point in sympathy with the medium but attracting less interest.

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FINANCIAL TIMES STOCK INDICES table with columns for Government Sec, Fixed Interest, Ordinary, Gold Mines, etc.

LONDON REPORT AND LATEST SHARE INDEX: TEL 0898 123001

South West Regional Health Authority could be followed by others from health authorities throughout the UK.

The SW Health contract is the first large bulk order for the new central sales department set up a few months ago by Amstrad.

Banking sector remained a relative backwater, the major clearest positive minor gains at the outset before easing back to close little changed on balance.

The independent North Sea oil stocks had another active session, as the Gulf conflicts raised the ante on energy reserves.

However, business levels in the equity market were low as the institutions stayed on the sidelines and the marketmakers sought to keep trading books within tight limits.

The market was sustained by initial gains in oil shares as the Gulf developments pushed crude prices ahead in the US and London.

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Other leading stores traded higher initially, but turned easier with the rest of the equity market, underlying sentiment not being helped by the slowdown in retail sales.

The Bank closed a few pence lower at 124p, the preliminary figures being offset to a certain extent by the warning on start-up costs which will be reflected in the first half of the current year.

GEC continued to draw above-average business but other electrical leaders traded in lacklustre fashion.

Random Sims was outstanding at 205p, up 30, in the wake of persistent demand.

Weekend press recommendations directed some investment interest towards International Business Communications, 4 better at 125p, and Elexon, 3 better at 100p.

Expectations moved higher at the outset on interest rate optimism, but trade remained thin and prices topped out towards the close.

Trade and Lyle, which recently announced a rights issue in connection with a proposed major US acquisition, picked up 12p at 165p.

Among Food Retailers, ASDA traded briskly and settled at a shade down at 165p on turnover of 4.3m shares including a block of 1.0m traded at 170p.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of Actuarial Indices with columns for Equity Groups, Fixed Interest, and Average Gross Redemption Yields.

Table of Fixed Interest with columns for Price Indices, Average Gross Redemption Yields, and various interest rate data.

LONDON TRADED OPTIONS

Table of London Traded Options with columns for Calls and Puts for various stocks like Allied-Lyons, B.P., etc.

Great Portland Estates picked up 7 at 306p.

Courtauld staged an initial attempt to extend Friday's upsurge but the movement soon lost impetus and the shares ran back from 351p to close 7 down on the session at 350p.

Investors showed little enthusiasm for international stocks in the face of continuing currency worries and early dullness on Wall Street yesterday.

Bridport Gundry met with a flurry of speculative activity and advanced strongly to close 18 higher at 259p, while Robert Maxwell stake speculation, prompted a rise of 10 to 352p in De La Rée.

Incepace became popular ahead of Thursday's annual results, the shares rising 10 to 703p.

Activity in Traded Options was concentrated on energy stocks where BP and British Gas featured.

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ASDA rose 2p to 165p, ASDA's turnover rose 10% to 4.3m.

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Handwritten signature 'Johnnie' at the bottom of the page.

WORLD STOCK MARKETS

Table of World Stock Markets including sections for Australia, Canada, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Taiwan, Thailand, and the UK.

CANADA

Table of Canadian Stock Markets including Toronto and Montreal closing prices for various stocks.

Table of Japanese Stock Markets listing various companies and their stock prices.

Table of MONTREAL closing prices for various stocks.

OVER-THE-COUNTER

Table of Over-the-Counter stocks including Nasdaq national market closing prices.

INDICES

Table of various stock indices including DOW JONES, NEW YORK, CANADA, and others.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table of Chief London Price Changes Yesterday for various commodities and currencies.

TOKYO - Most Active Stocks

Table of Most Active Stocks in Tokyo.

Table of NEW YORK ACTIVE STOCKS listing various companies and their stock prices.

Advertisement for FINANCIAL TIMES featuring the headline 'Have your F.T. hand delivered every working day in Norway' and contact information for Oslo (02) 684020.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change.



Continued on Page 47

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections for 'Continued from Page 46' and '12 FREE ISSUES'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Price, Change, and Volume.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) national market closing prices. Columns include Stock, Price, Change, and Volume.

12 FREE ISSUES when you first subscribe to the F.T. Frankfurt (069) 7598-101

Continued on Page 45

